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NEWS SUMMARY

GENERAL

MPs' new session delayed

The Queen has agreed to postpone the State opening of the new parliamentary session by a *week, to November 20.*

The main reason which forced the Government to request the postponement is the unexpectedly determined opposition encountered in the Lords to the Land Bill. Page 8

Murder charges

Bruce George Lee, aged 20, was *committed* for trial at Hull, charged with murdering 23 people who died in fires.

Carter offer

President Carter offered to meet Iranian Prime Minister Ali Rajai in a fresh effort to free the American hostages in Iran. Mr. Rajai is in New York to put his country's case against Iraq at the UN.

China N-blast

China detonated a nuclear explosion in the atmosphere, the Energy Department said.

Shoplifting fine

Lady Isobel Barnett was found guilty at *Leicester of shoplifting.* She was fined £75 and ordered to pay £200 towards prosecution costs.

Death fall

An Italian cook who was transferred to a cleaning job after an outbreak of salmonella at a London children's hospital fell to his death from the building's eighth floor.

Ring case ends

Gitti Milinaire, estranged wife of the Duchess of Bedford's son Didier, was found guilty in London of *stealing a £5,000 ring* to finance her "gambling addiction." She was sentenced to six months' imprisonment, suspended for two years.

Officials jailed

Four Government officials in the Soviet republic of Tadzhikistan were jailed for up to 15 years for drawing pensions for dead or non-existent people. The court case lasted a year.

Chilean killed

A former Chilean lawyer was *found dead with stab wounds* and his throat cut at his Kensington, London, flat.

Eight shot dead

Malaysian police shot dead eight members of a fanatical Moslem sect who stormed Bahu Pahat police headquarters armed with knives and parangs.

£40,700 reward

Scotland's largest treasure trove reward, £40,700, is to go to an Easter Ross man who found the country's most important Late Bronze Age gold hoard.

That's life

Esther Rantzen was arrested and charged with obstruction while filming for her BBC TV programme That's Life in Fulham, West London. She was asking people's opinion of fried and stewed bat.

On the ball

Soccer clubs are planning to get fans to matches by coach after British Rail's *decision* to halt Boxing Day trains.

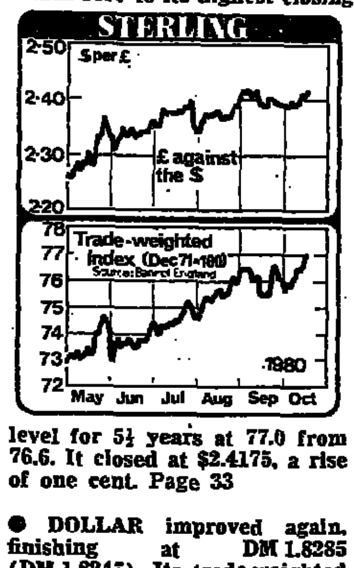
Financial Times

The Financial Times apologises to readers who were unable to obtain a copy of the newspaper yesterday. There was a shortfall in production as a result of industrial relations problems.

BUSINESS

Sterling up 1 cent; gold off $5

● STERLING'S trade-weighted index rose to its highest closing level for 5½ years at 77.0 from 76.6. It closed at $2.4175, a rise of one cent. Page 33



● DOLLAR improved again, finishing at DM 1.8285 (DM 1.8245). Its trade-weighted index was up from 83.5 to 83.7. Page 33

● EQUITIES gave ground following a more detailed look at the September trade figures. The FT 30-share index closed 5.1 down at 480.4. Page 40

● GILTS retreated slightly. The Government Securities Index was off *0.69 to 70.79. Page 40*

● GOLD fell $5 to $673.5 in London. Page 33

● WALL STREET was up 7.85 to 980.29 near the close. Page 34

● BRITISH STEEL Corporation has won a £5.8m order from British Petroleum for North *Sea pipeline which could help* BSC win the main pipeline order for a proposed £1.1bn gas network. Back Page

● FIAT WORKERS failed to give convincing approval to the peace formula aimed at ending the five-week strike which has brought Italy's biggest motor manufacturer to a standstill. Back Page

● JAPAN AUTOMOBILE Manufacturers Association said it was willing to meet European motor manufacturers to discuss its exports to Europe. Back Page

● GOVERNMENT has decided against lifting its four-month moratorium on regional development grants. Back Page

● BRAZILIAN Government has *approved a $2.5bn (£1.04bn)* iron ore project in the Carajas region of Para, Brazil. Back Page

● MORE OF Britain's top managers are receiving fringe benefits than in 1979 despite tax cuts, says a survey into executive salaries. Page 10

● INTASUN, Britain's third biggest package tour operator, is to expand its air holidays abroad next summer by about 12½ per cent over this year's total. Page 10

COMPANIES

● BANKAMERICA CORPORATION pushed up net profits after securities transactions by 6 per cent to $173m (£71.7m) in its third quarter. After nine months profits were up at $481m after share transaction.

● STEEL BROTHERS Holdings' first half 1980 taxable surplus *declined to £2.6m* compared with £2.95m. Page 22

● UNITED ENGINEERING Industries pre-tax profits rose to £1.55m in the six months ended July 31 compared with £1.03m. Turnover was up from £6.4m to £10.08m. Page 22

● STYLO SHOES reported increased *losses in the half year* to July 26. The deficit rose from £721,853 to £1.14m. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AGB Research	203	+ 16
Finlay (J.)	111	+ 7
Jardine Matheson	265	+ 12
M.K. Electric	238	+ 8
Mercury Securities	240	+ 7
Mills & Allen	320	+ 18
Minster Assets	67½	+ 3
Sound Diffusion	75	+ 4
Standard Chartered	641	+ 16
Vosper	105	+ 10
Attock	286	+ 12
BP	440	+ 8
Candecca	274	+ 16
Clyde Petroleum	750	+ 50
Sovereign	445	+ 11
Tricentrol	396	+ 14
Greenbushes Tin	650	+ 300
Killinghall	525	+ 25
Pancontinental	370	+ 25
Vultan Minerals	275	+ 160

FALLS

Treas. 11½pc 2001-04	£90½	− 1
Borthwick (T.)	36	− 3
General Accident	344	− 8
GKN	182	− 8
Hawker Siddeley	228	− 6
Land Securities	388	− 5
Laurence Scott	60	− 4
Lucas Inds.	183	− 6
P. & O. Defd.	116	− 3
Sketchley	240	− 7
Somportex	350	− 15
Stylo Shoes	110	− 10
Wombwell Foundry	13	− 2
Lawrie Plantations	378	− 7
Anglo Vaal	£20	− 1
President Brand	£31½	− 1½

Howe expects fall in monetary growth and inflation rates

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PROSPECT of a reduction in the rates of monetary growth *and of inflation in the next six* months was held out last night by both Sir Geoffrey Howe, the Chancellor, and Mr. Gordon *Richardson, the Governor of the* Bank of England, in cautiously optimistic speeches to the annual bankers' banquet in the *City of London.*

Mr. Richardson said that inflation was past its peak and that there were some tentative *signs that private-sector demand* on the banks might be starting to slow down.

Public-sector borrowing *should also fall from a level of* about £7½bn in the first half of the 1980-81 financial year.

This outlook, he said, suggested that over the whole of the target period to next April the rise in sterling M3, the broadly-defined money supply, "may turn out to be much less than generally supposed," after making proper allowance for the distortions of the corset controls on the banks.

Sir Geoffrey took a similar line. He expected "a considerable *further fall* by next spring in the annual rate of retail price inflation." He also noted the "increasing apparent" signs of greater realism in recent wage settlements.

Moreover, Sir Geoffrey offered the prospect of some *easing in the upward pressures* on sterling.

He referred to the view of some commentators that not all *the factors underlying sterling's* present strength were likely to be permanent.

"Some of them are not in question—for example, North Sea oil and the fact of a strong *Government determined to* control inflation.

"But others seem likely to be more temporary. High interest rates will not be with us indefinitely. Private-sector capital outflows are growing."

He said that the very large current account surplus announced on Wednesday should be regarded as exceptional and "in part the result of the impact of the recession on imports, and not as something we except month after month *on this scale.*"

Neither Sir Geoffrey nor Mr. Richardson gave clues about the timing of any cut in interest *rates, nor about the outcome of* the current review of techniques of short-term monetary control.

Mr. Richardson did set out a *distinctive line on monetary control.* He reviewed the experience of the past 18 months and noted the problems caused by large *swings in public borrowing.*

He concluded that the erratic variability of the counterparts contained in Sterling M3 suggested the need to avoid attaching undue importance to short-term developments in any single monetary aggregate.

'It is sounder to take into account, as we in fact do, the underlying developments both in the aggregates as a whole and in the real economy."

Mr. Richardson said that "it was possible to imagine a tighter or more rigid control of the creation of money achieved on a more continuous and shorter-term basis.

"Temporary pressures and distortions would then be turned back more abruptly on the real economy instead of being reflected in temporary variations in monetary growth."

He carefully avoided judgements on techniques for short-*term control such as the monetary* base system, but the implication is that he is sceptical, and favours a broader and more *long-term approach.*

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Details of speeches Page 14

Low rise in money supply confirmed

BY PETER RIDDELL

A CONTINUING high level of Government borrowing was the main expansionary influence on the money supply last month as the growth of bank lending to the private sector slackened.

Bank of England figures published yesterday confirm earlier indications that sterling M3, the broadly defined money supply, grew by 0.6 per cent, seasonally adjusted, in the month to mid-September.

This rise was described last night as "encouragingly low" by Sir Geoffrey Howe, the Chancellor, in his speech to the bankers' dinner at the Mansion House.

Nevertheless, the Government is taking a cautious view on interest rates. No change in Minimum Lending Rate is likely at least until the October figures are available around the end of this month.

The official preference for delaying any decision *on* MLR is partly because of continuing uncertainty about the underlying trend of bank lending and *Government borrowing.*

There is also caution in view of the now familiar three-monthly spike in the growth of bank *lending* associated with quarterly tax payments and debiting of interest charges. The October figures, which were collected on Wednesday, may have been affected by distortions in the money market at the time.

The September figures were for once relatively little affected by the readjustment of banking operations following the end of the corset controls in mid-June which had inflated the July and August figures. These adjust*ments are now thought to have* been substantially completed.

Even after allowing for the earlier distortions, the rise last month was smaller than the underlying increase of 1 to 2 per cent in the previous two months.

The September figures are, however, only partially reassuring. There certainly appears to have been some slowdown in the growth of bank lending to the private sector, but central Government borowing remained high at £1.15bn and it was only partially offset by sales of gilt-edged stock to financial institutions and to the public.

Consequently, domestic credit *expansion* was large, at just over £1bn, but the impact on sterling M3 was substantially

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Bank funds flow into Eurosterling, Page 10
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Labour Left campaign to stop Healey

BY RICHARD EVANS, LOBBY EDITOR

AN INCREASINGLY determined campaign to stop Mr. Denis Healey from grasping the *leadership of the Parliamentary* Labour Party in the first ballot was mounted by Labour Left-wingers yesterday.

First, Mr. Michael Foot, Deputy Leader announced to the surprise of colleagues that he might still be a candidate and would announce his decision on Monday. Should he stand, it would probably be with the connivance of Mr. Peter Shore, who declared his candidature yesterday. The intention would be to maximise the anti-Healey vote in the first round in an attempt to ensure a second ballot.

Secondly, Mr. Anthony Wedgwood Benn, who seems increasingly unlikely to be a candidate, raised the spectre of two Labour parties and warned *MPs that the successful candi*date must be regarded as a purely interim leader until new voting methods were devised.

This advice was echoed by Mr. Moss Evans, general-secretary of the Transport and General Workers' Union, the largest union affiliated to the Labour Party, who urged MPs to choose a "caretaker" leader to avoid further confusion and splits.

But there is absolutely no sign that the advice will be heeded by the Right-wing and centre of the party. There seems to be a growing determination to emphasise the *independence of the PLP and* its right to elect its leader without interference from other party authorities.

Mr. Healey is likely to be urged to state his support for this view in even clearer terms by Right-wingers before the voting in two weeks time.

The differing tactics showed how divided the Left is about the best method of stopping Mr. Healey, the clear favourite, from succeeding Mr. Callaghan.

Present estimates, which are *perhaps premature because of* the absence of most MPs from Westminster, show that Mr. Healey could just achieve the target figure of half the votes cast in the first ballot. This would result in his election without a second ballot. His support explains the furious activity yesterday between Left-wing factions to agree on tactics.

The attraction of Mr. Foot is that as a respected and popular elder statesman who would agree to be an interim leader, *he could win the votes of a* number of potential Healey supporters, who would not consider voting for either Mr. Shore or Mr. John Silkin, the other candidates.

Mr. Shore, after declaring he *would become the third candi*date with Mr. Healey and Mr. Silkin, went out of his way to attract centre votes with a state*ment of the position of the* Parliamentary Labour Party on the leadership.

He said that the Labour *conference had decided it* wanted a wider franchise to elect a leader, and that standpoint would have to be accep*ted. But he stressed that any* arrangement that emerged would have to take account of the fact that nobody could lead the PLP unless he had the confidence and support of his fellow members of Parliament.

The controversy over the election process, and the right of MPs to go ahead with their election before a wider franchise can come into operation next year, looks like becoming the key issue in the contest.

Mr. John Silkin, after emphasising his platform of strongly interventionist economic policies and withdrawal from the European Common Market, said he was standing because the Parliamentary Labour Party needed an effective rather than an interim leader. But he would be willing to submit himself for *election under the new process.*

Mr. Benn, on the other hand, would have nothing to do with the proposition that MPs should go ahead and elect their own leader. He said in Weymouth that Labour MPs had a clear choice: to accept that the decision for a wider franchise put a time limit on the tenure of anyone elected by them alone "or risk starting down a path which might lead to the establishment of a parliamentary party quite separate from the Labour Party and Labour movement as a whole."

The feeling at Westminster remains however, that whoever *wins the forthcoming election* is entitled, by the rules under which he will be elected, to stay as leader certainly until the opening of the *1981-82* session of Parliament.

Opening of Parliament postponed. Page 8
Politics Today. Page 21

£ in New York

—	Oct. 15	previous
Spot	$2.4110-4120	$2.4055-4065
1 month	0.84-0.79 dis	0.73-0.68 dis
3 months	1.65-1.60 dis	1.46-1.41 dis
12 months	2.60-2.45 dis	2.75-2.60 dis

Foreign airlines decide to withhold Heathrow fees

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A group of 18 foreign airlines using Heathrow Airport said yesterday that they would withhold increases in landing fees levied by the British Airports Authority since last April 1. Their action could put them at risk of having their aircraft impounded by the authority.

This row between the foreign airlines and the authority escalated when the 18 airlines filed a writ against the authority alleging that the increases in *fees imposed last April 1 were* "excessive and illegal."

The airlines also said they would pay only those rates prevailing before *April 1.* The balance would be paid into a specially-created trust fund, pending the outcome of their case.

The authority replied that this action by the airlines amounted to "prejudging the issue" and it said that it had the right to impound aircraft for non-payment of fees.

The dispute threatens to become a bitter legal battle which could result in the impounding of aircraft, the suspension of services, and disruption to the travelling public.

The airlines are prepared for a fight of between one and two years in the courts, with legal fees amounting to £1m or more. *This bill would be met from a* "fighting fund."

The airlines made it clear through their spokesman, Mr. Dick Rieder, assistant general counsel of Trans World Airlines, that if the authority impounded aircraft, the Governments of the airlines concerned might decide to take reciprocal action against British aircraft overseas.

The airlines concerned, which collectively account for about one-third of all the foreign traffic into and out of Heathrow, *include: Air Canada, Air France,* Air-India, Air Mauritius, Alitalia, Austrian Airlines, BWIA International, Lufthansa, Flying Tiger Line, Gulf Air, Iberia, KLM, Sabena, Saudia of Saudi Arabia, Scandinavian Airlines System, Swissair, Trans-Mediterranean Airways, and Trans World Airlines.

Pan American World Airways has already taken separate, *similar* action, by filing a writ against the British Airports Authority for alleged excessive and *illegal* increases in fees.

The airlines' writ claims that the Secretary of State has acted unlawfully and has exceeded his powers in requiring the authority to achieve an average *6 per cent annual return on* net assets from 1980-81 to 1982-83.

It further alleges that the Secretary of State has acted contrary to the competition rules of the European Community by requiring or enabling the authority "to distort competition and to abuse its dominant position within a substantial part of the Common Market."

It also alleges that the authority has acted unreason*ably in imposing charges which* "grossly exceed the full cost of providing the appropriate services and facilities when a reasonable rate of return on assets has been taken into account."

The airlines argue that some of them are paying well over 100 per cent more for using Heathrow than they did before last April 1. A Boeing 747, for example, now pays for each landing in the peak period £4,764 against £3,092, while a TriStar pays £3,079 against £2,043, and an Airbus pays £2,387 against £1,205.

Marks & Spencer profit cut

BY CHRISTINE MOIR

THE SHARE price of Marks and Spencer rose a token 1p yesterday to 106p in spite of evidence that the High Street recession had caused an 11 per cent drop in pre-tax profits for the first half of the year.

The figures — £68.8m before tax on sales of £845.5m compared with £77.4m on £766.8m for the first half last year — seemed of less importance than *the cautiously optimistic fore*cast of chairman Lord Sieff.

Business had been looking up in August and September, par*ticularly as far as food and* clothing were concerned, and "if the present trend continues we expect the full year's profits to be satisfactory," he said.

The market took confidence from the fact that the interim dividend is not to be cut and the Board has decided to pay 1.5p a share, as it did last year.

In addition, the company said that the drop in trading profits was not as severe as that in pre-tax profits.

Signs that Debenhams, the department store group, may also be on the mend, helped sustain its share price yesterday at 80p, only 2p down.

Again the market was looking beyond the figures which, in common with other department *store groups recently, showed* a collapse at the pre-tax level from £4.7m to £1.3m in the half-year to August 16.

The Board says these results should not reflect profitability for the year because of the importance of Christmas sales.

The company seems to have been making headway with loss-making branches, with the exception of Harvey Nichols which is still losing money. Closures and restructuring have sharply reduced interest charges.

● Plans by Sam Chippindale Development Services to build 860,000 sq ft of shopping space as part of a major redevelopment at Whitechapel underground station in London's East *End have been reduced to* 600,000 sq ft.

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EUROPEAN NEWS

French trade deficit climbs to £4.6bn

BY ROBERT MAUTHNER IN PARIS

FRANCE'S TRADE in September showed another seasonally adjusted deficit of FFr 5.4bn (about £540m) bringing the total shortfall since the beginning of the year to FFr 46bn (£4.6bn) compared with only FFr 5.4bn for the first nine months of 1979. But, according to provisional estimates made by the Trade Ministry, the current account deficit, for the first nine months of 1980, amounted to FFr 22.5bn.

The September shortfall was nearly FFr 1.4bn greater than that of the previous month's, but still fell far short of the record monthly deficit of FFr 7.2bn registered in May this year.

In its comments on the figures, the Ministry said that the main element in the deficit was once again the high level of energy imports, which totalled FFr 13bn. But imports of non-energy products were also 13 per cent higher than at the same time last year.

In spite of the slack international climate, French exports have been maintained at a satisfactory level and were 7 per cent higher in September than 12 months earlier. Seasonally corrected exports last month totalled FFr 40.93bn compared with FFr 46.36bn of imports.

Meanwhile, M. Raymond Barre, the Prime Minister, has given a firm undertaking that he will not allow a devaluation or depreciation of the franc to improve the competitiveness of French exports.

He was answering complaints during the budget debate in the National Assembly about the adverse effect that the strength of the French currency was having on exporters. He described as "monetary nonsense" suggestions that the franc should be devalued.

Such a move would only increase the already very heavy oil import bill and persuade companies to be even more lax in their management methods, he said.

Nor was M. Barre prepared to accept suggestions that national protective measures should be taken to help industry. "I will never allow international competitive pressure to be relaxed since it is this which permits a reinforcement of French industry," he said.

Pressure for a depreciation of the franc, which is in a very strong position within the European monetary system has been growing from a number of companies which have had difficulties in selling abroad in the slack economic climate.

The Prime Minister, in confirming his long-standing policy, was also clearly anxious to prevent the franc from coming under pressure during the run-up to next April's Presidential election.

Meanwhile, the employment situation shows no signs of improvement. While the seasonally adjusted number of unemployed dropped marginally by 0.7 per cent in September to 1,446,000 from 1,456,000 in August, the crude figures showed an increase to 1,519,000, the first time that the 1.5m mark has been exceeded.

The official explanation is that the number of job-seekers always increases sharply in the early autumn, when school-leavers come on to the market. However, the unions have bitterly accused the Government of neglecting the employment situation in the interests *of industrial restructuring* and its fight against inflation.

Secret Paris meeting on energy is called off

BY OUR PARIS CORRESPONDENT

A SECRET MEETING in Paris this weekend of senior officials from the West's 10 most important industrialised countries has been called off because a Japanese newspaper revealed that it was to take place.

The meeting was intended to bring together the main members of the International Energy Agency and France to discuss the energy situation. The talks have been cancelled to avoid giving the impression that the industrialised nations are facing an energy crisis as a result of the Iraq-Iran conflict.

The French are also reported to have been upset because the meeting was billed by some officials as a preparation for a regular meeting of the IEA's governing board next Tuesday. France did not want any links to be established between the two meetings, since it has traditionally looked upon the IEA as a body opposed to the Organisation of Petroleum Exporting Countries. That charge is strongly denied by the agency's members and secretariat.

The IEA governing board meeting will take place as planned and it can be presumed that there will be some informal contacts between French officials and those of IEA member countries over the weekend.

The governing board is expected to discuss possible measures for dealing with the reduction of oil supplies caused by the Gulf war.

City of London bankers pull off Italian job

BY JAMES BUXTON, ABOARD THE ROYAL YACHT BRITANNIA

THE ROYAL YACHT Britannia earned her keep in the Bay of Naples yesterday, and gave some City of London luminaries a chance to demonstrate unsuspected linguistic skills.

While the Queen visited Genoa, on the third day of her state visit to Italy, the Royal Yacht took about 80 senior Italian bankers and industrialists on a cruise from Naples. The chief business of the day was a seminar on the services of the City of London, held in the Royal dining room and organised by the Committee on Invisible Exports.

But that was hardly the major attraction, and it devoured less than a third of the time. Most people had come for the opportunity to board the Royal Yacht, with its immaculate crew, and elegant though not over-elaborate decor, and to see the island's of Ischia and Capri from the Azure Sea on the first fine day since the Queen came to Italy.

Above all, they came to enjoy drinks on the stern verandah and a lunch of smoked salmon and trout mousse, fillet of beef—a menu chosen by the Queen.

There was also the sight of pin-striped bankers including Lord O'Brien of Lothbury, former Governor of the Bank of England, Dr. Rinaldo Ossola, former vice Director-General of the Italian Central Bank and this correspondent, being winched by Jackstay to the accompanying frigate HMS Apollo, where champagne and caviar awaited them.

The speakers were obliged to use Italian — except Lord O'Brien, who pleaded that his knowledge of Italian opera libretti was inappropriate to his talk on the services of the City of London.

Italian was little problem for the Marquis Gian Luca Salina-Amorini, a director of S. G. Warburg, or for Sir Anthony Tuke, chairman of Barclay's.

The substance of the seminar was that the British banking system was a more sophisticated and international than any other, and it was a surprisingly palatable message.

Two-party coalition agreed in Belgium

By Larry Klinger in Brussels

BELGIUM is ot have a two-party Government committed to an economic austerity programme, Mr. Wilfried Martens, the caretaker Prime Minister, announced yesterday.

Congresses of the two parties — Mr. Martens' Christian Democrats and the Socialists — are expected to ratify the agreement between them at the weekend, enabling the new administration to be installed early next week.

The economic programme, which envisages enforced wage restraint and big social security cuts, would then be put to a national conference of employers, unions and government representatives "as soon as possible."

It is hoped that this part of a proposed "democratisation of the economy" can be completed within a month to allow Parliament to approve the budget before the end of the year.

The wage restraint plan will be presented as a choice between three proposals. The first is a straightforward freeze at the level guaranteed by the existing national scheme of pay awards indexed to inflation. At current rates, this would provide automatic wage increases of about 6.5 per cent.

The second is for each worker to hand over half of any rise above the indexed award to a "national solidarity fund" to be used for reduction of Belgium's national debt. Employers would be required to match the worker's contribution and pay a percentage of the total into the social security system.

The third is a Government plan backed by official, hut as yet undefined, sanctions. "If this choice is accepted and pay policy is breached," a spokesman said yesterday, "the Government could use all the instruments at its disposal to withhold the available advantages on fiscal matters, prices and expansion incentives."

Polish trade deficit with Russia likely to reach £686m

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND's trade deficit with the Soviet Union will reach some 5bn foreign currency zlotys (£686m) in the five-year-plan period ending this December, according to PAP, the Polish Press agency.

The figure, equivalent to about 30 per cent of the value of Poland's exports to the Soviet Union in 1979, comes in a PAP commentary on mutual trade, after a visit to Warsaw by Mr. Nikolai Baibakov, head of the Soviet Planning Commission, last weekend.

The Polish media have been remarkably reticent about the visit, reporting little more than that the talks had started with the Polish side, led by Mr. Jozef Pinkowski, the Prime Minister, and that last Saturday, Mr. Stanislaw Kanai, the Polish party leader, had met Mr. Baibakov.

No communiqué was issued after the talks, nor was there even a mention that Mr. Baibakov had left Poland. This would indicate that the talks resolved few problems.

The talks which covered mutual trade next year and in 1981-85, are the latest round in a series which started in August last year. They have not been easy, with the Soviet side showing little inclination to increase raw materials, deliveries to Poland above 1980 levels.

The Russians also told the Poles that they thought the price for Polish construction work in the Soviet Union was too high.

The latest round of talks with Mr. Baibakov took place after the wave of strikes in the summer, and at a time when the Polish economic crisis is getting worse. Most probably, Mr. Baibakov was handed a new shopping-list by the Poles, which requires top-level Kremlin approval.

Meanwhile, the figures published by PAP on trade for 1976-1980 mean that this year will see an unprecedented 20 per cent drop in the value of Polish exports to the Soviet Union, compared to 1979.

Since Polish exports for the first eight months of this year are running at almost the 1979 level, the drop will have to come in the last quarter.

This would suggest that the Soviet side has agreed to take some deliveries planned for this year, at a later date, in ordr to ease Poland's plight.

The Russians have already extended Poland's hard currency credit worth $150m (£62.5m) since the strikes, and have agreed to extra deliveries of 500,000 tonnes of grain, some raw materials, and consumer goods.

Kiselev appointed party secretary in Byelorussia

BY ANTHONY ROBINSON

MR. TIKHON KISELEV, 63, one of the Soviet Union's 13 Deputy Prime Ministers and former Premier of Byelorussia, has been appointed party secretary for the Republic in succession to Mr. Petr Masherov who was killed in a car crash on October 4.

The former teacher is also expected to take over Mr. Masherov's seat as a non-voting Politburo member. A decision on this could be taken at the party central committee meeting in Moscow next week.

Mr. Kiselev was Prime Minister of Byelorussia for 19 years from 1959 to 1978 and was a party secretary before that. He was appointed as a Soviet deputy premier in 1978 with overall responsibility for light industry, services and culture.

Oslo oil-rig pay rise

About 2,000 Norwegian oil-rig workers who held a five-week strike in July and August are expected to accept a 23 per cent pay increase backdated to May 1

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The mayor brings Xanadu to Strasbourg

By Walter Ellis in Strasbourg

KUBLAKHAN would have stood in awe. Strasbourg's latest Euro-dome, decreed by Mayor Pierre Pflimlin as an unashamed bribe to Members of the European Parliament, is indeed a wonder to behold.

The edifice in question is a suite of offices built for MEPs by the city of Strasbourg. It has cost the ratepayers of the Alsatian capital at least £20m and will be rented out — courtesy of Europe's taxpayers—at an annual rate of £1.5m.

M. Pflimlin is determined that Strasbourg shall become a permanent home of the Parliament, and his extravagence in pursuit of this goal is breathtaking.

MEPs approach their offices, naturally enough, by way of caves of ice. An enormous, irregular reception hall glistens with marble and glass, and from the ceiling long crystal stems, tipped with light, descend like stalactites.

Whispering lifts usher the tired bureaucrats to their bijou bureaux, complete with miniature bathrooms and beds. A gourmet restaurant and a bar attend to different needs, and liveried servants stand guard at doorways, protecting their charges from journalists and others of the common herd.

To be fair, it was not the MEPs who demanded such opulence. It was built, in fact, almost in spite of them, and is a testimony to Mr. Pflimlin's idea *fire* rather than to parliamentary greed. But the mayor is a shrewd judge of his colleagues—he is, after all, an MEP himself—and believes that this latest coup will add further to the magnetic qualities of his Rhineside city.

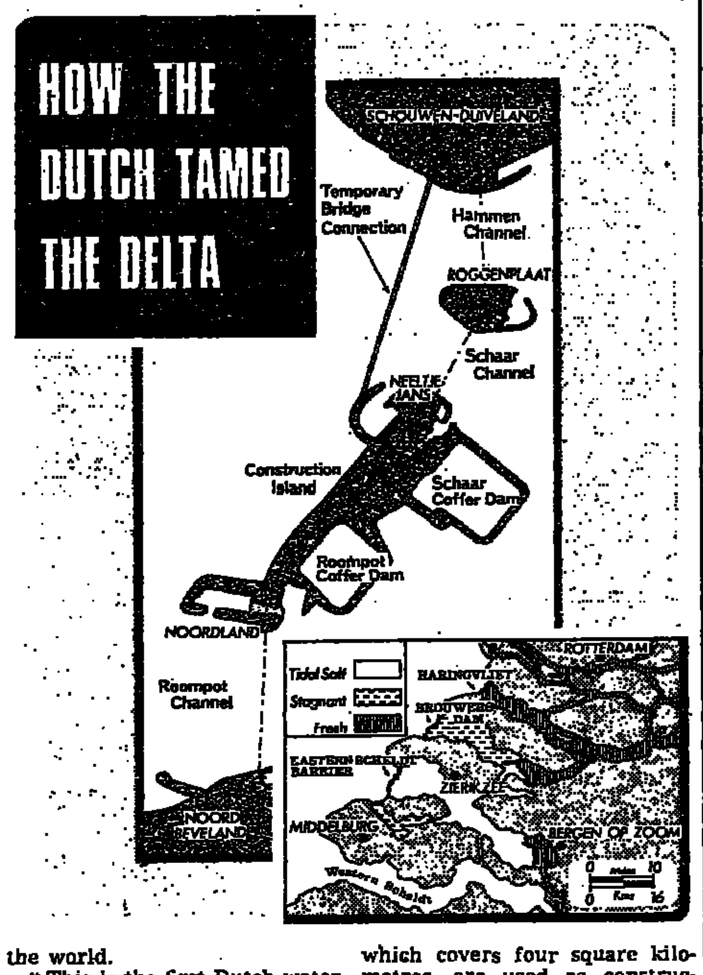
Three British Conservative members, Mr. David Harris, Mr. Alistair Hutton, and Mr. Brian Hord, have said that they will not move into their offices, but the consensus seems to be that the building is there and might as well be occupied.

What cannot be denied is that the building will be used by members for a maximum of only eleven weeks a year—the number of parliamentary sittings, and Luxembourg maintains its grip on a share of the sessions, this figure will drop, perhaps to as few as six weeks.

In Brussels, meanwhile, the Parliament is spending £20m of its own—*i.e.*, our—money *on separate office accommodation*, and further premises are being sought for more construction.

Charles Batchelor in Amsterdam assesses water control in the Delta

The Netherlands builds barrier against the flood



THE NETHERLANDS' costliest water control project, and probably its last, is now being built across the estuary of the Eastern Scheldt. No part of the ambitious Delta project, prompted by the disastrous floods of 1953, has aroused such controversy or demanded so much skill from the Dutch hydraulic engineers.

The Eastern Scheldt storm flood barrier is the final link in a chain of four massive dams blocking the tidal inlets in the delta formed by the Scheldt, the Maas and the Rhine. It will complete a chain of dykes, dams and barriers protecting 2m people living on land up to six metres below sea level in the south-west Netherlands.

Despite the legendary success of the Dutch in wresting much of their country from the sea, many areas this century have suffered from frequent flooding. A combination of storm winds and a spring tide in February 1953 breached the dykes in the province of Zealand, drowning 1,850 people and inundating settlements and farms

The Delta plan, drawn up in 1954, will reduce the risk of recurrence of the 1953 floods to once in every 4,000 years from once in every 80 years. When complete, it will have shortened the Dutch coastline by 700 kilometres. Dutch engineers started with the smallest inlets, to gain experience, blocking the Veere gap, the Haringvliet channel and the Brouwershaven gap. Work on the nine-kilometre wide Eastern Scheldt started in 1967 and was originally due for completion in 1978.

The Delta plan will leave open only the New Waterway, which links the Port of Rotterdam to the sea, and the Western Scheldt, which provides access to the Belgian port of Antwerp. The original plan for the Eastern Scheldt was for a conventional dam enclosing a tide-free inlet in which sea water would be replaced by fresh water.

A growing concern for the environment and protests from lobster, mussel and oyster breeders, whose livelihood depended on the tide, persuaded the Ministry of Public Works to think again.

Work on the conventional dam was already far advanced but, despite that, a commission of experts recommended in 1974 that a storm surge barrier would be the best solution. The barrier would remain open for normal tides and weather, but would be closed on the one or two occasions in the year when a storm strong enough to threaten the dykes was expected.

Controversy has ever since surrounded the plan, which has meant a seven-year delay in completing the project and has nearly doubled the costs. Some believe the decision was an attempt by the Government of the time to cash in on the popularity of the environmental movement. They argue that the storm surge barrier tests Dutch engineering skills to the limit, and that the complicated technology might fail at the crucial moment. The farmers would have preferred a dam.

The DFl 4bn (£850m) bill for the storm surge barrier, and the extra DFl 2.5bn (£530m) needed for two associated dams which will be required further inland, is unnecessarily wasteful at a time of financial stringency, the critics argue. Safety for the population of Zealand could be bought far more cheaply by either a conventional dam or by simply raising and strengthening the existing dykes.

The Delta plan, costing DFl 10bn in all, has boosted the economy of Zealand, among the least-developed Dutch provinces until dams and bridges were built to link the previously isolated islands. In relation to the Eastern Scheldt barrier's enormous cost it will do little for the economy, apart from saving the sea food industry which has an estimated annual turnover of DFl 200m. Seen in this light, Yerseke's famous mussels must be the dearest in the world.

"This is the first Dutch water control project which will provide no economic gain," says Mr. Tjebbe Visser, the Ministry of Public Works' project leader for the barrier. "It is an unusual project in that no land will be reclaimed or irrigated. Only the interests of safety and nature will be served."

The Netherlands is in the final stages of the £2.12bn programme to control the Delta where the Maas, Rhine and Scheldt rivers meet the sea. The aim is to avoid a repetition of the 1953 flood disaster, when 1,850 people died.

If the economic impact of the storm flood barrier on Zealand is only small, the companies taking part hope the experience will win them foreign orders. Six large Dutch contractors — Ballast-Nedam, Bos Kalis Westminster, Baggermij Breejenbout, Hollandsche Beton, Van Oord Utrecht and Volker Stevin—have formed a consortium to do the job.

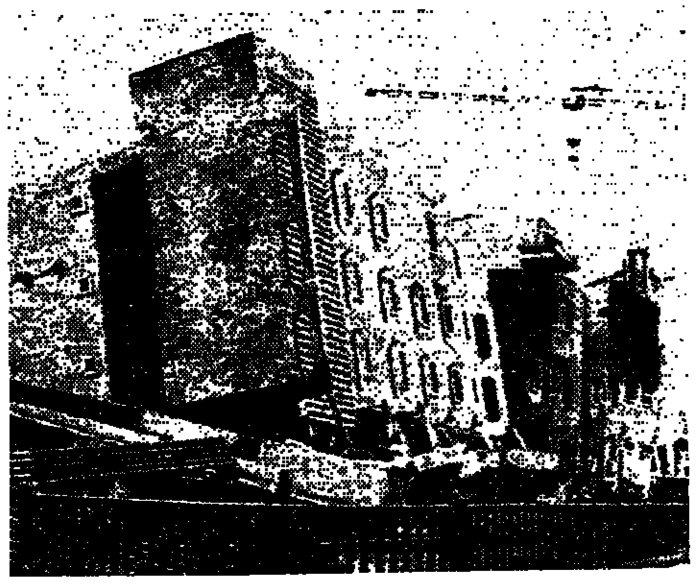
The Dutch have tackled the broad Eastern Scheldt by building islands on two shallow sandbanks in mid-stream. These artificial islands, the larger of which covers four square kilometres, are used as construction sites. Sixty-six 18,000-tonne concrete pillars, some as high as a nine-storey block of flats, are being built in coffer dams behind the islands. When they are completed, the coffer dams will be dismantled and the pillars carried by a specially-built floating crane to their position in the three channels. When they are in position, they will be joined by concrete sills at the base, metal gates will be fitted and a two-lane road built on top.

Much of the work is technically demanding, but most of the ingenious solutions found will be invisible under the waves once the barrier is completed. The pillars, which have a 25 by 50-metre "footprint," will not be supported by piles but will simply rest on the estuary floor, now being compacted by a specially-built vessel which vibrates the grains of sand until they form a solid mass. A synthetic fibre mat more than a kilometre broad will be laid to protect the estuary bed from erosion.

The two islands and the pillars will cut the channel to a fifth of its present size and reduce the difference between high and low tides to three-quarters of the present range.

Robert Graham in Algiers examines President Chadli's problems

Algeria after the earthquake



AS MANY as 3 per cent of Algeria's 19.5m people have been made homeless by the earthquake which struck El-Asnam last Friday. But even statistics like this convey little of the scale of the tragedy. In a country where the extended family is a powerful force, scarcely anyone in the capital is without a story of tragedy.

The official seven days of mourning are being strictly observed. All cinemas are closed, cafes and restauarants shut early, and flags fly at half mast. Celebrations for the Eid, the main Moslem holiday at the end of the week, have been toned down, and religious leaders have advised people to contribute money to the families of earthquake victims rather than buy sheep for sacrifice.

With the onset of winter, the Government's immediate task is to accommodate the homeless. Beyond this a formidable decision is posed by the fate of the city of El Asnam itself, which before the earthquake had a population of between 110,000 and 120,000. It is the principal inland town on the main road and rail link between Algiers and Oran, and is the centre for a large agkricultural region which has a population of some 250,000.

One senior Algerian official said: "It will have to be rebuilt and on a different site. How can you persaude people to live in a place where an earthquake has struck twice in 26 years."

The disaster is almost inevitably going to occupy the Government's attention over the coming months. But the distraction comes as final approval for the $100bn five-year plan (1980-84) is still pending after substantial delays. A compensation, perhaps, is the distinct closing of national ranks since the disaster.

Significantly, the messages of international sympathy and the foreign aid are being treated by the government-controlled media as an endorsement of the "revolution" — of Algeria's search for socialist economic development at home and its anti-imperialist stance abroad.

The earthquake has highlighted, albeit tragically, the most serious problem confronting Algeria. Its population explosion. Since independence in 1962, the population has almost doubled, and now stands at 19.5m. The 1977 census put the birth rate at 4.6 per cent a year and the death rate at 1.4 per cent, giving an average annual population increase of 3.2 per cent, one of the world's highest. The Government of the late President Houari Boumedienne started by welcoming this phenomenon, believing that Algeria, with its huge spaces, could absorb a greatly increased population.

Advisers to the late President maintain that towards the end of his rule he was conscious of the problem but failed to act. President Chadli now faces the daunting prospect of Algeria's population having far outstripped all efforts to keep up minimal food self-sufficiency and provide adequate social services

Last year's food import bill was $2.3bn, and it is clear that it will be a short-term achievement if the bill is stabilised. Algeria inherited its infrastructure from the French. But this infrastructure—such services as water, electricity, transport, roads and telephones—was designed for a poulation half the size, and it has to be properly maintained. Algiers, the capital, has reached saturation point, and is acquiring the battered, overused feel of Cairo.

The population explosion is also having a profound effect on housing, education and employment. The education system aims to eliminate illiteracy, and great strides have undoubtedly been made. Yet a superhuman effort is needed to cope with the influx of pupils. This year, some 600,000 six year olds have entered the system, and over the next four years, as the school-leaving age rises to 15, the number of pupils will rise from 4m to 5.4m. The chances of finding the staff and the buildings to meet this demand are slim.

The Boumedienne Government's emphasis on capital-intensive industrial investment, and its low priority for agriculture, did little to solve the problem of jobs for school leavers. Unemployment does not officially exist, but the large pool of seasonally employed agricultural workers has been drained only by rural emigration and natural attrition, while clear evidence exists of substantial unemployment in the towns. As it is, only some 20 per cent of the population is considered active.

Big spending on heavy industry, coupled with insufficient attention to essential services, has resulted in rising expectations which cannot be fully satisfied. In the cities, good wages have encouraged an appetite for consumer goods. Those made locally are found to be shoddy. Sudden shortages of items like batteries have also become more frequent in the past three years. President Chadli has made it clear he intends development to move more towards producing consumer items and removing some of the petty annoyances affecting those sectors where private enterprise can operate.

The plan recognises the shortcomings of the Boumedienne development strategy. Industry, while still regarded as the best way to create jobs, will be geared to more labour-intensive plants with lower technology, thus obviating the present very large need for expatriate experts. The emphasis will be on making industry efficient, and trying to cope—if possible—more effectively with the plethora of state enterprises, the biggest of which—like the hydrocarbons group Sonatrach—have become semi-autonomous empires.

Only one minister survives from the former era, and the body which initially seemed as though it might impose a form of collegial rule after President Chadli was elected—a 17-man political bureau of the Front de Liberation Nationale party—was emasculated in June. The result is that men who had accumulated up to 20 years of experience in government are now in limbo, although not formally disgraced. Many have ended up on the new 160-man party central committee. President Chadli is adopting an increasingly presidential style of government, which appears to have the support of the all-important armed forces.

Australia's politicians bury the economic issues in the battle for votes

BY DAVID HOUSEGO IN CANBERRA

NO BRITISH observer of Australia's election can avoid being struck by the hauntingly close comparisons between Australian politics and all that is happening in Britain.

Mr. Malcolm Fraser came to power in 1975 every bit as determined as Mrs. Thatcher to bring down inflation. Government spending, taxation and the growth of money supply.

And yet, five years later, government spending is still climbing—up by 3 per cent in real terms in 1980-81, compared with a 1 per cent increase in 1979-80, with total public sector spending accounting for 38 per cent of gross domestic products as against an average of 33 per cent luring Mr. Gough Whitlam's Labor Administration in 1972-75. Federal tax receipts have increased to 27 per cent of gross domestic product, from 25 per cent two years ago, showing that the real tax burden is still growing. Money supply (M3), expanding at an annual 15 per cent in the June quarter, has overshot the Government's 9-11 per cent target for the fiscal year: and inflation is nosing up beyond 10 per cent, with wide expectations that shortages of skilled manpower are preparing the way for a wage explosion.

An Australian official here focused most vividly on the Australian/British comparison by recalling a recent economist cover picture showing two faces of Mrs. Thatcher pointing in opposite directions.

The official (a monetarist) remarked that if Mrs. Thatcher went further down the pragmatic path of giving way to further calls for government funds and intervention, Britain would be lost. But what he had in mind was the lesson for Mr. Frased of the risks of pointing in opposite directions at the same time.

The Treasury, dominated by monetarists, regards Hr. Fraser as a renegade who held fast to an anti-inflationary position until 1978, but who was then lured into higher government spending and looser monetary disciplines. Should he be returned to power in Saturday's election, the Treasury would see the first priority as restraint, to claw back lost ground over monetary expansion and inflationary pressures, so as to allow more room in an overstretched economy (even with unemployment of 6.4 per cent) for private-sector investment, particularly in resource-related projects.

Bill Hayden: the challenger

But in contrast to the Treasury view, the electoral view of Mr. Fraser in the outer suburbs of the cities is uncomfortably close to that of a black-robed preacher of austerity.

His dilemma is that a monetary strategy is inevitably a long haul. And what the campaign has shown is that suburban Australia is not prepared to stomach five years of stagnant or declining living standards for a boom which always seems over the horizon. It is a sobering thought that the Government elected on Saturday will have to face the polls again in three years, or before Mrs. Thatcher need call an election in Britain.

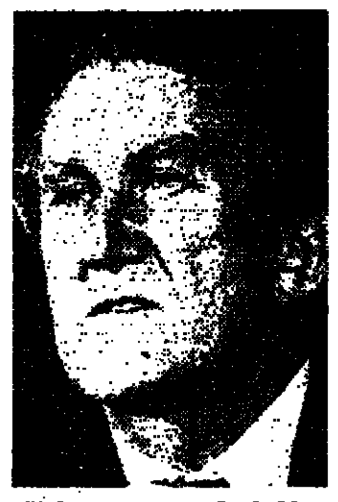
The brilliance of the strategy of Mr. Bill Hayden, the Opposition Labour Party leader, was to spot that impatience would run strongest amongst the first-home buyers, the middle-income suburban families with large aspirations but now having difficulty in making ends meet.

These people are not Labor's natural constituency, but they are the floating voters whose support a potential governing party must win.

Mr. Hayden's economic philosophy is as Keynesian as Mr. Fraser's is monetarist. He is proposing to stimulate demand and employment by higher government expenditure and increasing disposable consumer incomes. He is looking to a higher annual gross domestic product growth of about 5 per cent, compared with the Treasury's present (almost certainly too high) forecast of 3 per cent for 1980/81 on existing policies.

At the beginning of the campaign, Mr. Hayden put forward a plausible package of tax measures to finance higher levels of expenditure.

Mid-way he panicked, in the face of Mr. Fraser's onslaught that his proposed wealth and capital gains tax would hit the suburban householder whose support he needed. He then unwisely declared that he would foreswear both taxes thus depriving himself of one of the few sources of revenue which would have been both redistributive and fairly easily realisable.



Malcolm Fraser: the holder

After this shift of ground, Mr. Hayden has been every bit as dishonest as Mr. Fraser in claiming that he can finance his expenditure proposals without adding to inflation. Mr. Fraser has fought hard to drive home the inflationary impact of Labor's programme. The main hope Labor has of holding down price increases lies in some agreement with the unions over wages—but it is a faint hope. The difficulty for Mr. Fraser in putting over his message is that he has lost much of his own personal credibility and that Middle Australia has become deaf to implied new appeals for further belt tightening.

The two parties' sharply divergent economic philosophies have not surfaced in the campaign—in contrast to the difference in personalities of the leaders which has dominated it.

In the contest to capture the middle ground, the two economic issues of most significance for Australia's future—managing the development of its vast natural resources and tariff cuts as a first step towards restructuring industry—have both been buried.

Although the election result will now be a cliff hanger, the campaign has not been as dramatic as that would suggest. Because voting is compulsory, parties do not have the same incentive to stir voter enthusiasm.

There is scarcely a campaign poster to be seen in Sydney, Melbourne and Canberra, and I saw only one spontaneous street rally. A Labor supporter put up a placard in Bourke Street in central Melbourne which said: "I'll vote Labor. Any questions?."

In a crowd of no more than 15, a heckler tried to shout him down: "You're wasting your time. Fraser will come back with 25 seats." It is probably true that most people still cannot conceive that Mr. Fraser will lose, but even he would be taken aback by a majority of that size.

Abadan isolated, Iraqis claim

BY OUR FOREIGN STAFF

IRAN'S south-western oil city of Abadan has been cut off from the rest of the country by advancing Iraqi troops, Iraq claimed yesterday. It said that road, rail and pipeline links had all been severed.

The Iranians said that they had driven back the Iraqis six miles from the eastern boundary of Abadan. Iraq's armour and infantry crossed the Karun River north of the city at the weekend and is pushing through the salt desert to strike at Abadan from the east.

Iran's radio and newspapers now seem to expect a long siege of Abadan. The people of the city are prepared for street fighting and it "will become a hell for the Iraqi infidels," according to Tehran radio.

Although the fiercest fighting is taking place around Abadan and Khorramshahr, the Iranians also claim to have carried out raids on Iraqi lines further north, particularly around Dezful.

In the air war Iraq claimed to have bombed targets in Tehran and provincial capitals while Iranian aircraft raided Basra and Baghdad.

An Iraqi communique said oil storage tanks in Tehran were set on fire by their aircraft which also struck at two army camps near Iran's western city of Kermanshah, 250 miles south-east of Tehran and 70 miles east of the Iraqi border.

Tehran radio also confirmed that the Iraqis had raided Kermanshah, buh said that only residential areas were attacked in "Iraq's continued crimes against defenceless Iranians."

The Baghdad communiqué said 66 Iranian tanks and 15 armoured personnel carriers were destroyed in the battle for Abadan. It admitted that 15 Iraqi soldiers were killed, 21 were wounded and two tanks were destroyed.

Iraqi ground forces and anti-aircraft guns were said to have repulsed a handing attempt by three Iranian helicopters with jet-fighter cover. One helicopter was forced to land and blown up after its four-man crew was taken prisoner. The two other helicopters and one jet fighter were damaged by anti-aircraft fire.

Brezhnev greets Karmal on visit to Moscow

MOSCOW — Mr. Babrak Karmal, President of Afghanistan, flew in yesterday to a welcome from President Leonid Brezhnev, on his first official visit to the Soviet Union since he came to power last December.

By inviting Mr. Karmal for a full-scale visit, the Kremlin has acted to scotch speculation that it might be prepared to jettison him in the search for a compromise settlement in Afghanistan.
Reuter

K. K. Sharma in New Delhi adds: Mr. Karmal needs help badly to bring some semblance of legitimacy to his regime. The country is in much worse shape than at the time of the Russian invasion.

Reliable estimates are that Afghanistan's Gross National Product has fallen 70 per cent since December. Government income has dropped substantially, and import and export tax collections are down by 80 per cent.

This is mainly because the "mujahiddin" (insurgents) threaten roads and communications, and effectively hamper transport. Profits from Government enterprises such as power plants and textile factories are down by 70 per cent.

Inevitably, development expenditure has fallen correspondingly. Most projects have been terminated, spending on education has ended, and public welfare programmes have been slashed.

Muldoon beats party challenge

NEW ZEALAND'S Prime Minister, Mr. Robert Muldoon, yesterday survived a challenge to his leadership from within the ruling National Party. But he admitted he was not ruling with the full backing of party members, Reuter reports.

Mr. Muldoon emerged from a 2½-hour meeting of National Party MPs and said that some Parliamentarians wanted Mr. Brian Talboys, the Deputy Prime Minister, to take over as Premier.

Mr. Muldoon has come in for increasing criticism lately for what those opposed to him say is his abrasive style. During a recent six-week tour of the U.S., India, China and Mexico by Mr. Muldoon, his party lost what had been considered a safe seat in a Parliamentary by-election.

Japan discount rate likely to be cut again soon

BY CHARLES SMITH IN TOKYO

The Bank of Japan's discount rate, which was cut by 0.75 per cent in August, is expected to be reduced again in November, perhaps by as much as 1 per cent.

This appears likely after a series of hints by politicians—though not as yet by the Bank itself—that a further lowering of interest rates may be the only way of preventing Japan's economy from sliding into recession.

Discount rate is favoured as the best instrument for reviving the economy, mainly because the Japanese budget deficit makes it difficult for the Government to increase public spending.

This point was emphasised on Wednesday by Mr. Zenko Suzuki, the Prime Minister, at a joint meeting between Government and Liberal Democratic Party representatives called to consider the state of the economy.

Mr. Suzuki said after the meeting that the time had come to "consider taking monetary measures to stimulate the economy." Similar statements were made by Mr. Toshio Nomoto, director-general of the Economic Planning Agency.

Giscard and China differ over threat to peace

BY TONY WALKER IN PEKING

DIFFERENCES between China and France in their approach to world issues emerged at a banquet to mark the beginning of a visit to Peking by the French President, M. Valéry Giscard d'Estaing.

While Zhao Ziyang, China's new Prime Minister, urged Europe to unite against Soviet aggression, his French visitor talked in more conciliatory terms.

"I firmly believe that a stronger Europe and a stronger China will promote world peace; a just peace resulting from a multi-polar world, thus avoiding a clash between the superpowers," M. Giscard d'Estaing said in the Great Hall of the People.

Mr. Zhao, on the other hand, said European countries were increasingly threatened by military action. "Since world peace is an organic whole," he said, "developments in various regions are closely related. The hegemonists (the Soviet Union) have despatched troops to Afghanistan and supported the invasion of Kampuchea. That is an important part of their global strategy of expansion."

Mr. Zhao urged all countries to "strengthen their solidarity" to contain and struggle against expansion.

Editorials in the People's Daily, the Communist Party Newspaper, frequently criticise lack of solidarity among European countries in their approach to the Soviet Union, and warn them of the dangers of appeasement.

A recent commentary carried by the New China News Agency said it was Moscow's strategy to remove the American nuclear umbrella from Europe. "The Soviet Union wants to drive back the United States to America so as to facilitate a soft operation on Europe."

While in Peking, President Giscard d'Estaing is expected to endorse an agreement under which China will assemble French-designed Dauphine helicopters. Other agreements involving a sharing of French technology are in the pipeline.

Rise in U.S. industrial production

By David Buchan in Washington

THE FEDERAL reserve Board yesterday reported that U.S. idustrial production rose by a ful 1 per cent last month, the biggest monthly increase since May, 1979.

The September increase reflected gains in two sectors—consumer durable goods such as cars, and construction supplies, which were hard hit in this year's slump. It follows a rise of 0.6 per cent in industrial production in August.

Last month's industrial performance gives further credence to the Government's estimates that Gross National Product in the July-September quarter will show a flattening, and not a further decline after the sharp second quarter drop.

But the U.S. economy still has some way to go to make up the ground lost in the first seven months of 1980 when the industrial production index fell by 8.3 per cent. The index last month still stood at 6.7 per cent belo wits level of September, 1979.

Output of consumer durable goods jumped 3.2 per cent in September, after a decline of 0.2 per cent in August. The major reason for this was that, with the start of the 1981 model season, the rate of car assemblies rose 7 per cent to an annual tempo of 6m units in September. This, however, was still 24 per cent below the rate of car output a year ago.

The same pattern was evident last month in building supplies. Production in this category rose 2 per cent in September, on top of a 1.8 per cent increase in August, but the level was still nearly 16 per cent below the level in September, 1979.

Chemicals down

The season of quarterly results from the major U.S. chemical companies opened yesterday with news of a fall in profits at Dow Chemical. Itel, the ill-fated leasing company, disclosed its expected losses for 1979. Details and other company results on Page 29.

Sr. Roberto Campos, Brazilian Ambassador in London, gives his Government's view of the country's economic problems

Why Brazil believes it is on the right economic track

BRAZIL HAS recently been the *subject of much* economic sermonising. Accelerating inflation and rising foreign debt have disappointed admirers of the earlier "Brazilian miracle" and stimulated *Cassandra-like* predictions.

Evaluating national economic performances and making international comparisons are tricky *exercises. If one concentrates* on the behaviour of a few conventional indicators, the task is simplified, but the result may not be enlightening if one does not weigh feasible options and the consequences of alternative policies.

Can one be assured, for instance, that a country with high inflation and high growth is worse off than one with stable prices and stagnation? Is a low level of debt without economic diversification preferable to the risks of high debt to accelerate structural transformation? Is Brazilian "growthflation" (growth with inflation) such an unmitigated evil, when compared with Western "staflation" (inflation with stagna*tion*).

There are no obvious or easy answers. I admire critics who seem impervious to the anguish of doubt.

Brazil depends on imported oil for 85 per cent of its needs. The Organisation of Petroleum Exporting Countries' decision to raise oil prices in 1973 caught it in the middle of an *energy intensive industrialisation* drive. This called for difficult adjustments. Our performance since the energy crisis has been respectable, by any international standards, in terms of output growth, employment levels, trade and investment expansion. But a sharp deterioration in two major and visible indicators—*for inflation and debt — dis*torted the perspective of many observers.

It might help in understanding our current problems to consid r the strategies for adjustment open to Brazil at the oil price revolution. These were basically two, one rapid and the other gradual: cahartic recession or structural transformation. Most of the OECD countries' gave priority to price stability and monetary and fiscal restraint to balance of payments deficits.

This option wos not an easy one and, perhaps, not even a rational one for Brazil. Traditionally, Brazilians have shown a much greater tolerance *for inflation than for recession.* This is owing partly to the enormous pressure of population growth on the labour market, partly to the inadequacy *of unemployment compensation* and welfare schemes, partly to widespread techniques of indexation.

The strategy of structural transformation adopted by Brazil yielded both positive and negative results. In the six years since the energy crisis, Gross National Product in real terms has risen by about 7 per cent a year, whil non-oil imports have actually declined. Gross domestic investment has averaged 22 per cent of GNP. Exports have increased by over 20 per cent per year, despite the world recession, with about half now composed of semi-processed and manufactured goods.

This strategy implied additional inflationary pressure and increased *foreign* debt during the adjustment period. For it required import restraint combined with the development of energy alternatives, the substitution of imported goods by local

> ❛Is Brazilian growth with inflation such an unmitigated evil when compared with Western inflation with stagnation?❜

production, and incentives, including successive exchange rate devaluations, to export expansion.

Until recently the preservation of output and employment could be said to have outweighed the negative effects of inflation and debt. This is now *clearly reversed, as has been* recognised by the Government's new economic policies under Sr. Delfim Netto, the Planning

Sr. Roberto de Oliveira Campos

Minister. Inflation, now at over 100 per cent on a yearly basis, exceeds even Brazil's broad limits of tolerance. At the same time the level of external debt has created an uncomfortable feeling of financial dependence. Moreover, there is grow*ing consciousness that if tough* anti-inflation measures may temporarily curtail employment, the present level of inflation will also deter job creation by discouraging long-term projects and basic investment.

These *new* perceptions have led to a simplified and more coherent set of priorities — curbing inflation, changing the *composition of output in favour* of agriculture, which restrains food prices, yields exports and creates rural employment, and developing alternative sources *of energy.* The rate o fgrowth will have to be adjusted to limits imposed by balance of payment constraints.

If there is consolation to be derived from the recent upsurge in Brazilian inflation, it is that part of it is corrective rather than spiral inflation. It reflects courageous re-adjustments to lagging electricity *rates, petroleum prices and* exchange rates, which, though they are painful in revealing real costs of the economy, tend to discipline demand and restore relative prices.

The severe anti-inflatiobnary measures recently enacted in Brazil, involving restraints on Government expenditure and bank credit, need time for visible results. The process of *eliminating* subsidies has yet to be completed and further exchange-rate devaluations are unavoidable if exports are to be maintained. But we are on the right track, no longer working with conflicting priorities towards over-ambitious growth objectives.

As for foreign debt, it is estimated that by the end of 1980, if the Government borrowing programme and reserve targets are maintained, gross debt may reach \$55bn and net debt \$48bn. This figure embraces the private guaranteed debt which most countries leave unreported.

Some observations are in order to put the problem in perspective. Firstly, most large foreign investors in Brazil prefer for tax reasons to supply capital to their subsidies (an estimated \$10bn) in the form of loans rather than equity. The Brazilian Government has recently amended the fiscal legislation to stimulate the conversion of loan into equity. The charges on the balance of pay*ments will continue, but dividend* remittances are more flexible and more responsive to general economic conditions.

Secondly, the usual figure for total debt does not distinguish between interest and amortisation payments. Interest charges constitute a rigid commitment while amortisation payments, in *an expanding company—and a* growing country should be treated as such—can normally be recycled.

Thirdly, though he conventional *ratio of debt service* to exports is valuable, one should not forget an even more important indicator, the relationship between debt and GNP. Ultimately, it is the size of the global output and its rate of growth that determines the degree of flexibility of the economy in resource allocation. In this respect, Brazil has wider room for manoeuvre than several other developing countries, including some oil exporters. Net debt of \$48bn would represent about 22 per cent of the expected gross *national product for 1980. If we* think in terms of debt service rather than global indebtedness, the total service on registered debt will be slightly in excess of 5 per cent of GNP and interest payments less than 2 per cent.

Finally, a proper evaluation of the debt burden should take into account the economic *resilience and flexibility* repeatedly shown by Brazil. It has been able to grow at 7 per cent with a declining input of non-oil imports. It is making substantial advances in developing bio-mass energy. It is one of a few countries which has both a virgin agricultural frontier and uncharted mineral potential. The discovery of the *Carajás mineral province in the* Amazon area, for instance, encompassing vast resources of iron ore, manganese, bauxite, copper, nickel and gold, may render possible a quantum jump of exports.

If the evaluation of the Brazilian peformance has been somewhat lopsided, what can one say of the standard prescription—"knocking at the door" of the International Monetary Fund?

Technically it should not be difficult to reach an agreement. *The Fund's staff appear broadly* to support the austerity pro-

> ❛A proper evaluation of the debt burden should take into account Brazil's economic resilience and flexibility❜

gramme which the Brazilian authorities have launched. They would like to see somewhat more flexible interest rates to restore their allocative function and would, perhaps, favour less reliance on price controls, a quicker elimination of subsidies and a tougher wage policy.

Yet Brazil has important political and psychological reasons for shunning the fund. Despite the Fund's excellent relations with the Brazilian *technocracy, the political rup*ture with the Fund in 1959, at the end of the Kubitschek "developmentalist" government, is still part of Brazilian folklore and still kindles irrational emotions. At that time, both sides were unduly rigid. The Fund was technically right in requiring a realistic readjustment of the grossly over*valued exchange rate* as a precondition for a viable stabilisation programme. The Government, engaged in a pre-electoral fight, was loth to enact immediately any measure which, *however correct, would sharply* drive up the sensitive prices of wheat, petroleum and newsprint. Discussions were broken off and nationalist feelings so fanned that rational analysis of the Fund's policies and programmes became nearly impossible.

A long time has passed. Co-operation with the Fund has resumed on several fronts. Hardly any technocrat in Brasilia is still imbued with the "mythology of dependency." But while other countries find it useful to appeal to external discipline, Brazil still finds that monetary and fiscal retrenchment will encounter less resistance if formulated entirely *as a national programme and* perceived as such.

Thus, while surveillance by the Fund might bring greater tranquility to some of our banking friends, in practice the austerity programme would not be very different from the one already set in motion, with the disadvantage that the disgruntled sectors might mobilise *misguided nationalist emotions* to preserve their share of the pie.

What might be desirable is a new and less formal relationship, stronger than the regular country-Fund consultations but less rigid than "stand-by agreements." This should provide a basis for a broad international judgment of policies, but without a detailed surveillance of policy components on a numerical basis (often with unrealistic disregard for unavoidable political "trade-offs"). It has repeatedly been suggested that part of the responsibility for recycling OPEC surpluses be assumed by the IMF and the funds be used for structural adjustment programmes, under simplified disbursement procedures. Brazil will certainly be very interested in this expanded role of the IMF.

Compassionate line from Carter

BY JUREK MARTIN, U.S. EDITOR, IN NEWINGTON, CONNECTICUT

PRESIDENT Jimmy Carter, apparently buoyed by the sense that he is narrowing the gap separating him from Mr. Ronald Reagan, took a softer line against his Republican opponent yesterday.

In a morning campaign appearance before voluntary workers at a children's hospital here, Mr. Carter contented *himself* with noting Mr. Reagan's historical antipathy to greater health care and security for the aged and infirm.

Sitting on a stool and surrounded by stuffed animals, the President reverted to the folksy style that served him so well four years ago. Speaking softly, he invoked again the verbal images of "love and compas*sion.*" *contrasting* his vision with the implicit hard-heartedness of the opposition.

Later in the day, however, he and Mr. Reagan were due to address the *same* political dinner in New York City—though separated on the platform by an hour or so—where stiffer jabs may be the order of the day.

But the *morning* of gentle campaigning in the russet autumnal hues of the Connecticut countryside (a state which went for President Ford in 1976 and where Mr. John Anderson, the independent candidate.

He is now pressing for Mr. Reagan to join him in a television debate. The League of Women Voters, observing that Mr. Anderson's standing in the pols is dropping, is due to announce shortly whether it will issue an invitation for such a two-man confrontation, unlike that last month in Baltimore which Mr. Varter shunned because of Mr. Anderson's presence.

Officially, the Reagan camp is still arguing for Mr. Anderson's inclusion. But if it, too, senses that its lead is dwindling and if it remembers that Mr. Reagan was hurt by not participating in the first candidate debate in Iowa in January, it could change its mind.

Certainly there is a feeling among political professionals thatt he Reagan campaign has become bogged down. Two recent national polls by Gallup and Harris have found Mr. Carter narrowing the deficit to the three to four points range.

Additionally, in the critical major industrial states of the northeast and midwest, Mr. Reagan's strength does not appear to be growing as it ought as the number of undecided voters starts to decline. Some criticism is now being levelled at Mr. Reagan for maintaining too light a schedlue in these states and for tending to appear *only* in Republican areas where he is likely to do well in any case.

Mexico to devalue at faster pace

By William Chislett and Peter Montagnon in Mexico City

MEXICO intends to step up the pace of the peso's creeping devaluation from January next year, senior Government officials said in Mexico City yesterday.

The officials declined to disclose the extent to which the Mexican currency would be allowed to fall against the dollar, but said such a move was *made necessary* by the wide gap between Mexican and U.S. inflation rates.

Mexico is expecting an inflation rate of some 30 per cent this year, while U.S. inflation is running only at about 12 per cent.

The officials said that if no action was taken on the exchange rate, pressure could build up in the longer term for another devaluation along the lines of the 45 per cent drop decided on in 1976. The Government has closely managed the depreciation of the peso since

The 1976 devaluation was a grave shock to the Mexican economy and the government officials said that its gradual approach to exchange-rate adjustment was a much more acceptable policy. Already, since March, the peso has been allowed to slip by about 1.5 per cent against the dollar.

The decision to step up this *rate has already been taken,* but cannot be implemented until January because the Government has agreed with the unions not to introduce measures that would raise domestic price levels until the end of this year.

At the same time, the officials said the Government intends to introduce an economic package *in January which will involve* increasing domestic petrol prices sharply.

Ordinary grade petrol now costs 2.80 pesos a litre (25p a gallon). The officials pointed out that every one peso increase in the price would increase the revenue of Pemex, the State oil monoply, by 15bn pesos (£272m) a year.

Elections announced in El Salvador

The ruling military-civilian junta announced in El Salvador on Wednesday that elections will be held in 1982. The announcement came exactly a year after the coup that brought *the junta to power,* AP *reports* from San Andreas. Colonel Jaime Abdul Gutierrez, one of the junta members, also announced an amnesty to all guerrillas who would lay down their arms.

Venezuela to supply more oil to Brazil

Venezuela and Brazil have signed an agreement under which Venezuela will supply Brazil with 35,000 barrels a day of oil while Venezuela will purchase 200,000 tons of sugar and 380,000 tons of soya yearly, Kim Fuad reports from Caracas.

WORLD TRADE NEWS

U.S. GOVERNMENT CONTRACTS

In search of the keys to the kingdom

BY PAUL CHEESERIGHT

ATTRACTING the favours of the world's largest customer—the U.S. Government and its myriad agencies, which have an appetite to purchase everything from feathers to missiles—should become slightly easier at the beginning of next year.

Then the new General Agreement on Tariffs and Trade (GATT) code on government procurement comes into operation. The code is full of loopholes permitting the continuation of preference for domestic suupliers in official procurement policies.

But the U.S. has listed 53 federal departments and agencies where open purchasing policies will apply, and it is thought that this could prise open a market worth about $20bn a year for overseas contractors. In fact, total U.S. official purchases run at about $150bn a year.

It is not clear exactly how the GATT code will work in practice, and, indeed, whether it comes into force at all depends a great deal on the outcome of talks between the U.S. and Japan on which of each other's agencies will be opened to free international competition.

The point about the GATT code is that, if it works, it should draw more overseas companies towards the U.S. official procurement market. The opportunities have always been there for foreign groups with the ingenuity and the patience to grasp them. Both qualities are needed in abundance because of both the complexities of the Government itself and the variety of purchasing procedures.

"The U.S. Government does not act as a monolithic institution with the single purpose of purchasing the best products and services for the best price: rather it is a complex organisation comprised of independent, but interrelated and moving parts responding to a welter of diverse and sometimes conflicting statutes, regulations, and motivations."

That introduction to the market is contained in a manual prepared for businessmen taking part in courses about U.S. Government contracts run by Crown Eagle Communications of London. The manual goes through the gamut of tendering techniques, contract procedures, pricing and quality demands, and the legal niceties with which foreign companies have to contend.

First, though, companies need to know what the U.S. Government is proposing to buy. Here the U.S. Department of Commerce plays a crucial role. Its Commerce Business Daily, published five times a week, lists "proposed procurements, subcontracting leads, contract awards, research and development sources sought, sales of surplus property and foreign business opportunities," notes the manual.

With certain exceptions — national security items and perishable goods, for example—the Department has been directed by Congress to publish all military procurement needs over $10,000 and all civilian needs over $5,000.

It is also possible to be placed on the Bidders Mailing List which is run by all procuring agencies. This means that a company would receive notice of any procurment intentions during the time it remains on the list.

But detailed information about contracts is contained in one of two sets of documents. These are the Defence Acquisitions Regulations or the Federal Procurement Regulations. The documents come from the agency awarding the contract.

It is at this stage that life for the contractor becomes more complicated, and Crown Eagle's manual urges the unknowing to obtain expert legal and technical assistance. The contractor needs to be able to deal with the Government's purchasing teams on their ground.

For complex contracts, the Government team may be large—technical specialists, lawyers, negotiators, financial analysts. But whatever the size of the procurement, there is always a Contracting Officer, who has the ultimate control over the solicitation of a contract, its award and implementation.

Broadly the contracts will be awarded by one of two methods. The first is done through formal advertising, resulting in the submission of sealed bids to be publicly opened at a specified time. The second is done through negotiation, although the U.S. Government seeks to induce the maximum competition among bidders.

In value terms, the greater amount of contracts are negotiated. In 1976, Crown Eagle's manual says, civilian agencies spent $12.36bn on negotiated contracts and $3.6bn on advertised procurement. The comparable figures for defence agencies were $37.49bn and $3.2bn.

To safeguard his position in the event of disputes later on, the Crown Eagle manual stresses that any agreement or arrangement made with the Contracting Officer is placed in writing.

Certainly any potential contractor will have to provide a great deal of business and technical information to the Government. Much of this information is exempt from disclosure under the terms of the Freedom of Information Act 1970, designed to promote open government.

But, the manual points out, agencies can be dilatory in protecting information. "Non-U.S. firms should be alert to the possibility that information they may provide in the course of doing business with the U.S. Government is potentially subject to disclosure."

This is one disincentive, of course, but there is another more significant problem for foreign companies seeking to gain a place in the U.S. Government market. This is the Buy American Act, passed in 1933 supplemented by amendments, orders and regulations.

Notwithstanding the GATT government procurement code, it still offers preference to U.S. companies in many sectors. It is based on the concept of U.S. self-sufficiency, a feature of U.S. procurement policies and trading attitudes for a century.

Indonesia to help Thailand with oil

JAKARTA—Indonesia has agreed to sell Thailand 300,000 of the extra 500,000 barrels of crude oil it has requested this month to help meet a shortage caused partly by the Iraq-Iran war.

An official for Pertamina, the state petroleum company said the sale probably would not be repeated. But another Government source said that the Thais would be helped "whenever possible" because they are fellow members of the Association of South East Asian Nations and because of the threat they face from Vietnam.

Indonesia has maintained, since fighting between Iraq and Iran broke out and both countries ceased oil exports, that it could not raise production as suggested by other members of the Organisation of Petroleum Exporting Countries because its facilities are at full capacity.

Indonesia's Ministry of Mines and Energy said that the extra 300,000 barrels for Thailand are available as a result of excess production, not increased production.
AP-DJ

● Malaysia has agreed to supply Thailand with 15,000 tonnes of fuel oil over the next two months and 250,000 tonnes of crude oil by the end of the year, Reuter reports from Kuala Lumpur. The oil is in addition to Malaysia's regular exports to Thailand and will be supplied under the energy co-operation scheme agreed by the five members of the Association of South East Asian Nations (ASEAN). Earlier this month Indonesia said it agreed to supply 300,000 barrels of crude oil at the current OPEC prices to Thai-

● South Korea has asked Indonesia to increase its crude oil supply from the present 10,000 b/d to 30,000 b/d, AP reports from Stoul. The request was made earlier this week when Mr. Park Bong-Hwan, the Energyl and Resources Minister, met with visiting Indonesian officials. Indonesia also is understood to favourably consider Seoul's bid to import Indonesian natural gas as soon as Seoul's presents a concrete proposal. Seoul is now trying to diversify the sources of its oil imports as it has been heavily dependent on the Middle East, notably Saudi Arabia, Kuwait and Iran.

Malaysia refinery plan

KUALA LUMPUR—Malaysia is to build two refineries to process its crude oil and lessen dependence on imports, Prime Minister Datuk Hussein Onn told Parliament.

At present Malaysia, with reserves of 2.8bn barrels according to the World Bank, sells most of its crude to industrialised countries and imports refined porducts.

Mr. Dtuk Hussein said the two refineries, with an output of up to 200,000 b/d would help curb inflation coused by the rising cost of refined oil imports.

The main refinery is to be built at Malacca on the West coast, and would come on stream in 1985. The smaller refinery will be buitl at Trengganu on the eastern seaboard.
Reuter

Common Market gets lion's share of British oil exports

BY RAY DAFTER, ENERGY EDITOR

THE COMMON MARKET is receiving the lion's share of UK crude oil exports, according to latest Government trade figures.

During the first eight months of this year UK oil producers exported almost 46 per cent of their 53.07m tonnes of output. Of the 24.3m tonnes of oil shipped abroad, some 16.1m tonnes—two thirds of the total — were exported to other member countries in the European Economic Community.

West Germany is the major Continental user of British North Sea oil. In the January-August period the country's refinery industry imported almost 7m tonnes—about 28.8 per cent of total UK exports and 13.2 per cent of Britain's North Sea production.

Other major EEC users of UK oil are The Netherlands—5.5m tonnes in the first eight months—and France—1.6m tonnes.

In the past some EEC countries particularly France and West Germany, have applied behind-the-scenes pressure on the UK Government to step up North Sea production. As if to forestal further pressure in the light of the Iraqi-Iranian war, the Government has been making it known that UK producers have little spare production capacity at present.

Even if the Department of Energy relaxed its restrictions on the flaring (and consequent wastage) of natural gas UK output could be boosted by only about 50,000 b/d — less than 3 per cent of the current production rate.

So far the Government has not ordered any changes in the production or export pattern of North Sea oil as a result of the Iraqi-Iranian crisis. British National Oil Corporation, the state oil undertaking which handles about two-thirds of Britain's oil production, is continuing to supply its normal contract customers.

The trade statistics show that of total UK exports in the January-August period, worth £2.6bn, only 4.2m tonnes were shipped to the U.S., the world's biggest oil consumer.

Opportunities for Britons in Lome agreement

BY MARK WEBSTER

THERE ARE excellent opportunities for British enterprises in the Lomé II agreement, Mr. Maurice Foley, deputy director general if the EEC Commission, said yesterday. But they had to have access to the information in London, he said.

Mr. Foley explained that, when tracing information on projects for tender with EEC backing in developing countries he found it "stored in a Board of Trade computer and forgotten."

While there had been some improvements the British businessman was still worse of than his French counterpart who had daily bulletins on all projects backed with multilateral aid, including the World Bank and the IMF.

Mr. Foley told an audience at the Royal Commonwealth Society in London that there was "no point in making speeches afterwards saying Britain is not getting its share." Business had to try and get in at the beginning.

He admitted that Lomé II had the "most incredible imperfections" but that it was a start. The second agreement has yet to be raified by all the parliaments of the nine EEC countries but it will provide £3.4bn in funds over the next five years.

UK sales to China slip despite orders

BY PAUL CHEESERIGHT

UK COMPANIES are continuing to win contracts in China, but the pace of trade has slackened appreciably and it is now clear that total exports this year will fall beneath 1979 levels.

Credit facilities, backed by the Export Credit Guarantee Department, remain largely unused and there has been no indication so far that the Bank of China wishes to extend them.

The slower pace of the UK's China trade reflects the more cautious approach in China towards national development, and bears out yesterday's predictions by the Central Intelligence Agency in Washington that Western business, expecting China to become a vast new market, will have to wait.

The CIA noted that the process of integrating foreign capital and technology into a weak domestic economy "is likely to evolve slowly and encounter foot-dragging or outright resistance from China's conservative bureaucracy."

Recent British contracts have been on a relatively small scale and there have been no repeats of the major mining and petrochemical contracts signed in 1978.

They include:

● The breakthrough into the market on its own account of LANCY effluent treatment of Crawley, Sussex—as opposed to sub-contracting work—with an order worth £104,000;

● The first order won by IMI Rycroft (calorifiers) for heat exchangers to be used in Peking hotels;

● The dispatch of a tandem extrusion coating plant worth about £500,000 by Bone Markham of the John Brown Group to the China National Machinery Import and Export Corporation;

● The provision of design skills and manufacturing technology by R. W. Transmissions, part of the Richardsons, Westgarth group, worth £750,000 to Babcock Product Engineering as part of the latter's contract to provide special gearboxes to China.

Also, the significance of London as a financial centre was emphasised yesterday when China Ocean Shipping signed an agreement for its first commercial loan, of $25m, arranged by First National Boston and including in the syndicate Midland Bank International.

But an ECGD-backed deposit facility of $1.2bn (£495.4m) arranged between the Bank of Chinaa nd seven groups of UK banks in December, 1978, has attracted so far only 33 contracts with a value of $300m, and no part of the facility has been sought in the last month.

The facility expires in December, and so far there has been no move from the Bank of China to roll it over. This could reflect Chinese reluctance to use conventional credit facilities and a desire where possible to use grants and aid funds instead.

In the first eight months of this year UK exports to China were £123m, compared with £151.8m in the same period of 1979 and £213m for the whole of 1979.

ExIm Bank backs more jet sales

WASHINGTON — The U.S. Export-Import Bank said it will help finance the sale of 14 Boeing and two McDonnell Douglas passenger jets to Canada, Norway and Yugoslavia.

The bank, which finances U.S. export sales, said CP Air of Cañada would buy four Boeing 767 jets worth $180.6m, two DC-10s and six Boeing 737s, valued at $179.5m.

The bank will lend CP Air $144.5m at an annual interest rate of 8.7 per cent.

Braathens Airtransport of Norway will buy two Boeing 767 jets and related spare parts for $101.9m. The bank will provide financing of $73.8m at an annual interest of 9.25 per cent.

Jugoslovenski Aerotransport of Yugoslavia will buy two Boeing 727 aircraft for $38.8m. The bank will make a loan of $16.5m at an annual interest rate of 8.5 per cent.
Reuter

● The Finnish Air Force will buy a number of American Learjet 35-A planes to replace its outdated U.S. DC-3 and Soviet Ilyushin 28 stock, AP reports from Helsinki.

● Air Florida has been given preliminary approval as the second U.S. airline on the Miami-London route, Reuter reports from Washington. A Civil Aeronautical Board trial judge recommended the route be awarded to Air Florida, as Air Florida's proposed fares and services were superior to the other airlines seeking the route, World Airways

Oil product prices 'will rise 15-20% next year'

By Martin Dickson, Energy Correspondent

INDUSTRY must expect price increases for all fuels to be above the general level of inflation in 1981, on top of the sharp and controversial increases suffered during the past year, according to an energy research bulletin published today.

The study, by the independent Cambridge Information and Research Services, says companies should plan for oil product price rises of between 15 and 20 per cent next year as the world supply surplus diminishes.

It says that the price war seen during the summer at petrol pumps has not been reflected in the depressed industrial and commercial fuel oil markets, although industrial prices have shown greater stability in recent months.

The bulletin says that product prices, as finalised in medium-sized new or renewed contracts, are averaging about 37.5 pence per therm for gas oil and 24.5 pence per therm for heavy fuel oil.

But with the Gulf war threatening to end the world crude surplus and spot prices rising, industry's prospects for better contract terms are receding.

The bulletin adds that other fuels give little grounds for comfort, with stiff Government-imposed financial targets allowing the coal, electricity and gas industries little scope for price manoeuvres.

Texaco begins preliminary work on North Sea oilfield

BY RAY DAFTER, ENERGY EDITOR

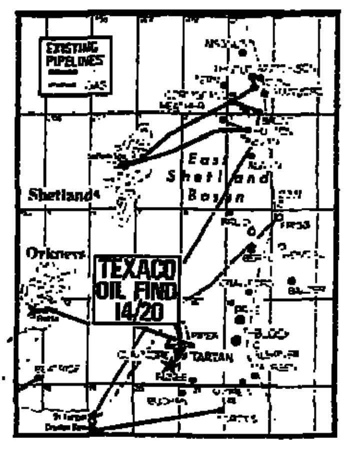
TEXACO has begun preliminary development work on a North Sea oilfield after tests on its latest successful well.

The work may cost over £200m and add 25m to 50m barrels of recoverable oil to UK commercial reserves, according to industry estimates.

Texaco said that while it had still not finally decided on development of the unnamed field it was sufficiently encouraged to begin preliminary design and costing work. It expected that the reservoir would be exploited through a floating production platform, similar to the £250m facilities chosen by Occidental for development of the nearby Claymore Field extension.

It is likely that the production equipment will be linked to Texaco's Tartan Field platform in the adjoining block, and that the oil will be transported to the Flotta terminal in the Orkney Islands via the Piper-Claymore pipeline.

The latest well drilled on the Texaco concession, Block 14/20, some 110 miles north-east of Aberdeen, produced at the rate of 4,070 barrels a day through



a ¾-in choke.

The light, high quality oil of 34.5 degrees API gravity was extracted from jurassic sandstone at a depth of 9,800 ft.

The well, drilled from the Ocean Kokuei rig, was the 13th to be sunk on Block 14/20, and was 3,000 ft north-west of the previous well, which flowed at a rate of 6,000 b/d.

Texaco said that both the 12th and 13th wells had been temporarily plugged so that they could be used for production at a later date. After the drilling of the 12th well, the stockbrokers Wood, Mackenzie estimated recoverable reserves in the area to be 20m-40m barrels.

The first discovery in this area of Block 14/20 was in 1978, when a well was tested at a rate of 3,296 barrels a day.

A year earlier Texaco discovered oil in a separate reservoir in the south of the block. The company said yesterday that the reserves identified by these two wells were also candidates for inclusion in the production scheme under study.

Texaco, however, has a more pressing problem. It is still trying to bring on stream its 250m-barrel Tartan Field, originally due to begin production this spring.

Last-minute development hitches could delay this start until the new year. Cost of developing Tartan is estimated at between £250m and £300m.

● A contract, worth about £9m, has been won by GEC Gas Turbines for three industrial gas turbine units for electricity generation and gas compression on Mobil's Beryl Field "B" platform in the North Sea.

Opening of Parliament postponed for a week

By Ivor Owen

THE PROBLEMS the Government has encountered in the Lords with its Local Government Bill have forced the postponement of the State opening of the new session of Parliament by a week until November.

The Local Government Planning and Land (No. 2) Bill has encountered unexpectedly determined opposition from all quarters in the Lords. A long and complex measure which, according to some of its critics, is equivalent to six Bills in one, it has principally come under attack for the sweeping powers it will give. Mr. Michael Heseltine, the Environment Secretary, to force local authorities to cu tback on their spending.

Peers, some working in close concert with local authority associations which bitterly resent the way in which Mr. Heseltine is opening the door for greater domination of local government by Whitehall, have subjected its provisions to detailed and, at times, devastating scrutiny.

Labour, Liberal and cross bench peers joined together on Tuesday to inflict two defeats on the Government and thereby seriously curtailed the powers available to the Minister to order New Towns to dispose of their assets.

The Government had hoped that peers, recalled early even though the Commons still stands adjourned, and asked to sit, unusually, during the week of the Conservative Party Conference, would complete the committee stage of the Bill in four days.

However, this stage — when measures are subject to line by line consideration — was prolonged into this week and took up seven days before being completed on Wednesday.

EEC Ministers to discuss doubling the duty on beer

BY GARETH GRIFFITHS

PROPOSALS to double the duty charged on beer in Britain as part of a Common Market package harmonising taxes on drinks are to be discussed by EEC Finance Ministers in Luxembourg later this month.

The meeting, on October 27, is to discuss a Luxembourg Government proposal that wine be taxed at a rate three times that of beer quantity for quantity. At present the ratio in the UK is in excess of five to one.

Duty on beer in the UK is £13.03p per hectolitre (100 litres) and for light wine £81.42 per hectolitre. The EEC Commission has claimed that this amounts to illegal discrimination against wine, a view endorsed by the European Court of Justice to which Italy had complained. The UK Government has maintained that wine and beer are drinks which do not compete with each other and that the measures in which they are sold are different.

Customs and Excise officials estimate that the Luxembourg proposals would mean the duty on beer doubling from 9p a pint to about 18p a pint. The increase would be phased over five years from 1982. At current prices and duty rates, that would mean an extra 2p per pint in duty every year over and above other increases during the phase in period.

The European Court of Justice has set December 31 as the deadline for the Government to reach a decision.

The Court, in a preliminary judgment in February, found the UK had a "tendency to protective leanings over wine imports" and had broken Article 95 of the EEC Treaty by giving preferential tax treatment to home produced drinks over similar or competing drinks from other member states.

The UK Government has not accepted the principle that its taxes are discriminatory. It argues that the different levels of tax have not stopped the strong growth in wine sales, which have increased at a faster rate than beer sales.

Wine consumption in the UK has boomed during the past 10 years from 21m gallons of light wine cleared from bond with duty paid in 1970 to 57m gallons in 1979. Consumption per capita rose by 65 per cent.

Beer sales have shown a much less dramatic growth—apart from lager.

Computer phone exchange delay

BY JASON CRISP

THE POST OFFICE'S long-awaited modern digital private telephone exchange to repalce the out-dated electro-mechanical equipment, also in short supply, has been delayed by software problems.

The new sophisticated computer-controlled exchange, Monarch, has been delayed twice because British Telecom's engineers have had problems to iron out. These are thought to be connected with the advanced features on the new exchange.

Like a computer, Monarch inevitably had software problems which would have had to be sorted out, although this is taking longer than expected. It comes at a particularly difficult time for British Telecom because there is a chronic shortage of small automatic exchanges, even of the most primitive electo - mechanical type.

Monarch, developed by British Telecom's research centre at Martlesham, is manufactured by two of its main suppliers, GEC and Plessey.

It is not clear what the total orders for Monarch are, but British Telecom announced a follow-up order of £45m earlier this year.

Originally timed for spring this year, the first deliveries of Monarch were postponed to September, and then again to next month. Although not all the software problems have yet been solved, British Telecom is sticking to November as its target for first deliveries in Central London.

Because of the great shortage of private exchanges with fewer than 100 lines where it is the monopoly supplier, British Telecom is buying small exchanges from Mitel, a rapidly growing Canadian telecommunication company.

Ethane shortage could hit Esso chemicals plant by 1990

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE U.S.-BASED Esso group yesterday admitted that the huge £360m chemicals plant it is planning to build at Mossmorran in Fife, Scotland, could start to run short of North Sea gas feedstock in 1991 or soon after.

The 500,000 tonnes a year plant, being built in conjunction with Shell, will produce ethylene—the so-called building block of the chemical industry—and will use ethane gas from the Shell/Esso Brent field as a raw material.

Brent is the biggest oilfield in the UK sector of the North Sea and has large quantities of associated gas. But Esso Chemicals said Brent would not be able to supply sufficient gas for the Mossmorran plant beyond the early 1990s.

Esso Chemicals is one of the companies fighting for a share of the natural gas liquids—NGLs—that will be brought ashore by the new gas pipeline now being planned for the North Sea. The company is expected to use the threatened shortfall of gas at Mossmorran as a major argument in the battle to obtain supplies from the new gas gathering system.

The major contenders for NGLs from the new line are Esso Chemicals, Shell Chemical, Imperial Chemical Industries and BP Chemicals. All of them want the gas liquids to be taken south for use in their plants.

But the U.S.-based Dow group wants to use the ethane from the planned gas gathering system to feed an ethylene plant that it hopes to build at Nigg Bay on the Cromarty Firth.

Highland Hydrocarbons, a UK-based company, also has plans to build a chemicals plant at Nigg. The U.S.-based Occidental group has expressed interest in establishing an ethylene plant at Peterhead.

Esso Chemicals plans to build £200m worth of downstream plants at Mossmorran. They will produce plastics raw materials and will use ethylene as their raw material. Esso is not expected to make a final decision on the building of these other plants until next year.

Mr. Jimmy Knox, newly appointed director of Esso Chemicals with special responsibility for the Mossmorran project, hinted yesterday that the decision on the plastics plants could be delayed if the company fails to obtain new supplies of ethane from the projected gas pipeline. But he stressed that the "time pressures" were "not very great."

Shell and Esso between them will own between 5 per cent and 10 per cent of the gas that will be brought ashore by the new pipeline. The pipeline project was given the go-ahead by the Government in June this year.

Esso plans to spend about £1.5m a day on exploration and production by the middle of the 1980s. By 1983 it expects to be investing a further £500,000 to £600,000 a day on onshore manufacture and distribution in the UK.

Shell and Esso are planning to spend a total of £400m on the development of their Central Cormorant oilfield in the North Sea. A final decision on the plan will be made next year but they have already approved initial spending of £130m.

Opencast mine plan rejected

By Our Energy Correspondent

THE GOVERNMENT has rejected an application by the National Coal Board to excavate an opencast coal mine at Daisy Hill in County Durham. The site, south of Newcastle, contains about 775,000 tonnes of coal.

Mr. John Moore, the Minister with responsibility for coal, decided that the NCB had not explained sufficiently how it would minimise the impact of the project on three local villages.

However, the Government has given the go-ahead for the NCB to work two other opencast sites: Natsfield, near Bloxwich in Staffordshire, which contains some 700,000 tonnes of coal, and the Coalfield North site in Leicestershire, which contains some 10m tonnes of coal.

No trains over Christmas

NO TRAINS will run in England and Wales on Christmas Day or Boxing Day this year. British Rail said yesterday that demand for public transport on Boxing Day was expected to be too low to justify the £600,000 cost of running.

Future Boxing Day services would be reviewed each year.

Scotland will have a limited Boxing Day service but no trains on Christmas Day.

Concorde fare cut

BRITISH AIRWAYS will offer half-price rates on Concorde flights to and from the U.S. for members of families accompanying a full-fare passenger. For Concorde London-Washington flights from now on, and for Concorde New York flights from November 3, any full fare-paying passenger can take one near-relative for half price. Single fare on Concorde to New York is £837 (return £1,593) and to Washington £844 (return £1,606).

1980 sovereigns

A LIMITED ISSUE of 1980 dated proof half-sovereigns and four-coin sets was made available by the Royal Mint yesterday. That is the first time the collecting sets, containing the gold £5, £2, sovereign and half-sovereign, have been on sale to the public since 1937.

GKN to shed 350 more jobs

BY ROBIN REEVES, WELSH CORRESPONDENT

GKN yesterday announced a further 350 redundancies at its Brymbo steel works, near Wrexham, North Wales, to take effect from January. This is in addition to 250 announced earlier this year, and will bring the number employed at the works down to 1,650.

A few miles away Burlington Textiles said it was closing its plant at Hay making 130 redundent. The company blame low-priced imports.

The GKN Brymbo plant manufactures low and medium alloy and special carbon steel billets for the automotive and engineering industries. GKN recently invested £48m in a new finishing mill at the site, which also has four modern electric arc steel furnaces. The mill was officially opened earlier this year.

A CONFERENCE of Welsh local authorities yesterday demanded swift Government action to halt what it described as the "alarming" deterioration in Welsh employment prospects.

Showing exceptional unanimity, representatives of every county and district authority in Wales called for a wide ranging programme of increased public expenditure to regenerate industry and "avoid the terrible regional imbalance that is becoming apparent."

The cal lwas backed by eight Welsh MPs, and representatives of the Welsh TUC and CBI also attended.

Mr. Alec Jones, opposition spokesman for Wales, told the conference that unemployment in Wales had gone up 45 per cent over the past year, faster than in any other region of the UK. The seasonally adjusted Welsh jobless rate stands at 10.3 per cent, the highest level outside Northern Ireland.

Sweet producer cuts jobs

CALLARD and Bowser, Nuttall, the confectionery subsidiary of the Guinness group, is to close its Doncaster factory with a loss of 125 jobs.

The plant produces Mintoes and nougat, and some production will be transferred to Halifax.

Mr. John Terry, Callard and Bowser, Nuttall's managing director, blamed value added tax for confectionery and the recession.

Callard and Bowser, Nuttall's decision comes three weeks after Nestle announced it was leaving the sugar confectionery and preserves business with a loss of nearly 600 jobs. Cadbury Schweppes, too, is to reorganise its chocolate and confectionery business with a loss of about 3,000 jobs.

● Mr. Robert Wadsworth, president of the Cocoa, Chocolate and Confectionery Alliance, said yesterday that VAT was a major factor in the slump of sweets and confectionery in the British market this year.

● Batchelors Foods is to stop dehydrating peas and beans at Sheffield and Worksop to cut costs. Batchelors, a subsidiary of the Beecham Group, said it would contract out its dehydration work.

No redundancies are planned from the factories.

Worry over Ulster jobless

NORTHERN IRELAND's high unemployment level is not expected to show any decline until 1982, says the Northern Ireland Economic Council.

Sir Charles Carter, chairman, said the prospects for the region's economy in the next year were "deeply worrying."

An early improvement in business confidence was essential if an already bad situation was not to deteriorate more rapidly, he said. The report urges a drop in interest rates and the tightening of controls on the import of man-made fibres and carpets.

Good prices paid for Islamic art

SALEROOM
BY ANTONY THORNCROFT

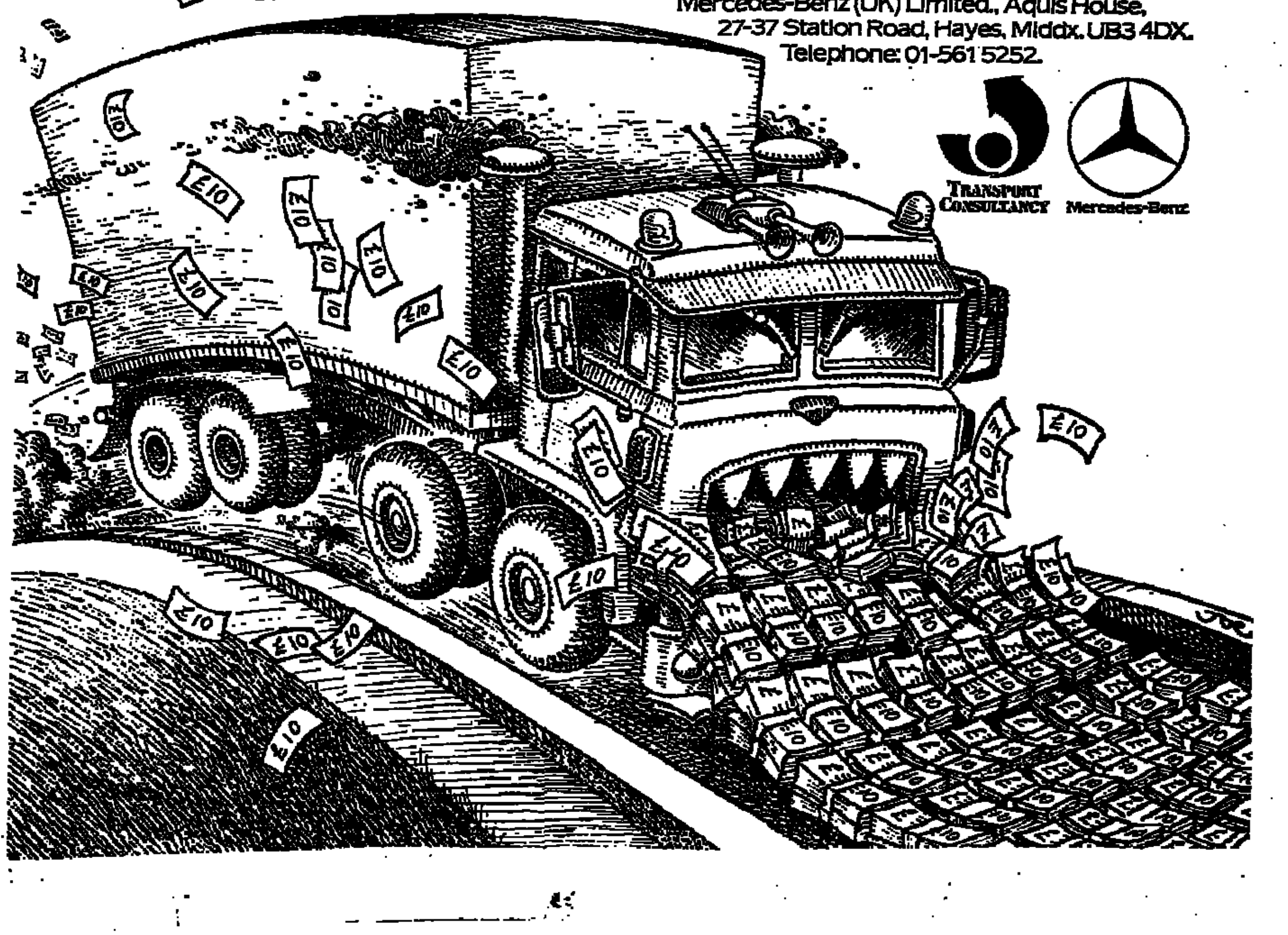
IT WAS Christie's turn to sell Islamic works of art yesterday and it disposed of manuscripts and miniatures for £162,194 and rugs and carpets for £132,070. Colnaghi paid £7,500 for a Mughal miniature of about 1680 showing sages in religious discussion: a Qajar miniature Qur'an of about 1880 made £6,500: and Spink gave £6,000 for a drawing The King of the Forest, Mughal, circa 1600-10.

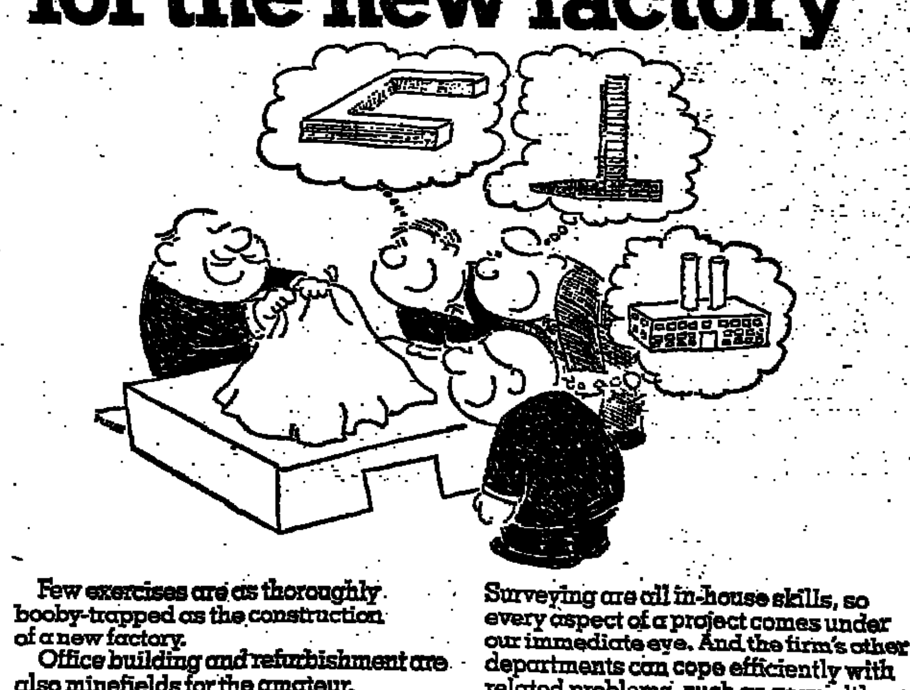
A private buyer bought a pair of antique Kashan mochatashan rugs for £12,500 while a silk Heriz carpet sold for £8,500 and an antique Kirman carpet for £7,500.

Christie's South Kensington is disposing of the remaining contents of the Rottingdean home of the writer Enid Bagnold. On the first day a view of the local Downs by Sir William Nicholson made £1,300 (as against eight guineas at Christie's in 1928) and an ink drawing of Enid Bagnold by Sickert, of 1913, sold for £900.

There were some exceptional prices paid for English furniture at Christie's in New York on Wednesday. The local dealers Vernay and Jussel paid £52,083 for a Queen Anne burr walnut and parquetry bureau bookcase while a George III mahogany side table sold for £11,666 and an early George III mahogany bookcase for £10,833.

Phillips in London sold costumes and textiles yesterday. A Chinese cover of Imperial silk fetched £900 and a 19th century North Indian brocade sash exceeded its forecast at £580. A 17th century Turkish muslin panel was bought by Mayorcas, a London dealer, for £850.





Cut in interest rates call by SMMT president

BY JOHN GRIFFITHS

A CALL to the Government to rethink the "shock treatment" of its economic policies and cut interest rates was issued last night by Sir Bernard Scott, president of the Society of Motor Manufacturers and Traders on the eve of the opening of the Motor Show.

He said that restoring monetary discipline had been an important factor in "making us all face realities," but warned that constraints on the motor industry's future capabilities had assumed serious proportions. "To maintain high interest rates when there is no longer an industrial justification for them contributes to the inflation they were designed to cure," he said.

Sir Bernard said that it was no longer the inefficient companies or those where industrial relations were poor which were suffering.

"Many companies are in the position that, because they have made major investments in new products and new technologies in recent years, they are deprived of sales potential by a combination of the general state of the world economy, the high value of sterling and the downward turn in the economy," he claimed.

He called on the Government to use a large part of Britain's "North Sea gold" to rejuvenate the motor industry and other sectors.

He said the target should be to foster a domestic car market of 2m cars and 400,000 commercial vehicles a year.

Britain's motor industry was producing at close to this level in 1972, but had steadily deteriorate to the point where about 930,000 cars were expected to be made in the UK this year.

The target figures would restore the UK to reasonably even terms with continental indsutries, putting the UK market ahead of Italy, level with France and bringing it to two-thirds the size of the West German markets.

Sir Bernard also protested against what he termed "discrimination" by the Government against the industry in its tax treatment of motor vehicles.

"Our industry is still being discriminated against by means of the special car tax (equivalent, with VAT, to a tax of 30 per cent—or double other rates) and the ban on companies recovering value added tax," he said.

Government revenue from motor vehicles reached £5.5bn last year, of which VAT on cars alone was £750m and car tax — "this naked discrimination" — £515m. The Government claimed Sir Bernard "owes us a bit of back pay."m

Terex will prosper, says buyer

By Ray Perman, Scottish Correspondent

THE TEREX earthmoving equipment subsidiary of General Motors, which has had substantial losses, should break even next year and make profits in 1982. Herr Horst-Dieter Esch said in Glasgow yesterday.

Herr Esch, chief executive of the West German IBH group, which takes control of Terex from January 1, added that he expected to increase sales well above the $550m (£220m) reached by Terex last year, and to cut overhead costs.

There would be few redundancies in the three Terex plants at Newhouse, Scotland; Hudson, Ohio; and Belo Horizonte, Brazil, mostly among

In the medium term he administrative staff.
expected output and number of production workers to increase.

At Newhouse, which is on a four-day week, he expects production to be back to normal fairly quickly, and productivity increases automatically following increased sales.

"I personally believe that the best motivation for the workforce is a successful sales organisation.

"He knows then that the fasterh e produces a machine, the more quickly he will be laid off."

The sale to IBH has been welcomed by unions, which feared that General Motors planned to close the Scottish plant.

Herr Esch believes that the three principles on which he runs IBH, sole concentration on the construction equipment industry; selling only through independent dealers; and decentralised management with a very small holding company staff will be sufficient to turn Terex round.

'Motor industry must take technology lead'

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor industry must take a technological lead, if it is effectively to tackle the threat from Japan, Mr. Michael Hinks-Edwards, assistant director of the Paris-based Euroeconomics group, said yester.

The Japanese would "knock the spots off" the European industry for the next three or four years, but then the Europeans' advanced technology should change the position, he said.

However, Mr. Hinks-Edwards predicted the Japanese would take 15 to 20 per cent of the Western European car market by 1985—compared with 7.5 per cent last year—"unless there is some protectionism." He indicated that the Germans, the last supporters of total free trade in the European car industry, were currently "running for cover."

He was speaking at a conference in Birmingham on the Vehicle of the Future organised by the Society of Motor Manufacturers and Traders and consultants A. T. Kearney.

Mr. Brian Knibb, manager of Kearney in the UK, predicted the number of motor component suppliers in Western Europe would fall by a third by 1990.

Part of the reduction would come from mergers and from companies giving up the components business. But there would also be failures.

Mr. Knibb said the vehicle makers would reduce the number of outside suppliers they used but would purchase more specialised and technically advanced products outside. They would also place more reliance on the companies supplying these high technology parts.

As a result, the size of the original equipment market in Europe was likely to remain at about the £18.5bn a year level for the next 10 years.

There would also be less reliance on parts made in the country in which the vehicle assembler operates. The proportion of the components sourced internationally within Europe was likely to rise from 10 to 23 per cent over the period.

According to Mr. David Andrews, executive vice-chairman of BL, the relatively conservative process of evolution of the motor vehicle in the recent past will be overtaken by a rapid technological revolution in the next five to 15 years.

The application of time, money, effort and brains is so great and so widespread that it was bound to have profound effects on the vehicle as we know it.

Peugeot buys British

PEUGEOT IS to step up its purchahess from the UK in a move which the French-based group said yesterday could be worth mililons of pounds in new business to Britain's components industry.

Mr. Robert Lansard, purchasing director of the PSA Peugeot group, which controls Peugeot, Citroen and Talbot said at the Motor Show yesterday that a group purchasing organisation had been set up to cover the requirements of the gorup's 80 automotive car plants in France, Spand and the UK which, by 1985, would have the potential to make 2m. vehicles a year.

"As long as we enjoy an appreciable market in the UK then we want to encourage reciprocal business with UK suppliers. This is a matter of company policy and we are assembling the organisation to carry out our intentions."

White-collar dispute increases threat to Mini Metro

BY PHILIP BASSETT, LABOUR STAFF

THE OFTEN troublesome issue of BL manual workers' pay has been overshadowed by the threat to the new Mini Metro from the unlikely source of the company's usually-peaceful 22,500 white-collar staff.

BL resu mesits pay talks today with leaders of the 73,000 manual workers, who have rejected the present 6.1 per cent pay offer. But to the fore in the company's mind must be the talks with the white collar unions over redundancies.

The four white-collar unions have imposed an overtime ban throughout the company in response to its decision to implement 3,300 compulsory redundancies across the range of its staff. The company has given th eunions the five-day notice required under its own agreement of its intention to enforce the redundancies from November 21, fulfilling the statutory 90-day notice required by the Department of Employment.

BL says that the cut in white-collar numbers has failed to match the 18,000 reduction in the number of manual workers over the past 12 months as part of the recovery plan of Sir Michael Edwardes, the BL chairman. Only 1,100 staff have put themselves forward for voluntary redundancy, of whom some 900 are acceptable to the company, which obviously does not want to lose key design and engineering staff. The company's aim is to axe 4,200 posts.

The company yesterday began to send letters to every white-collar employee explaining the decision; emphasising that the planned reduction of salaried manpower is an essential element in the reduction of overheads to a level the business can afford.

The letters also warn in a way the unions describe as "blackmail," that if employees take part in the projected industrial action, the ex-gratia redundancy payments normally made by the company in addition to its statutory redundancy obligations could be in jeopardy. The ex-gratia payments, to a maximucm of six months' pay for 21 years' service, have been made to all redundant employees who have gone as part of the present demanning exercise.

The unions are bitter that the redundancies would come at a time when it would be particularly difficult for those affected to obtain other work. They object, too, that a large amount of overtime is being worked, and claim that the cuts will not save money, since overtime will have to be increased to cover the necessary work.

A meeting between the unions and Mr. Ray Horocks, BL's managing director, has been arranged for next week, though BL was insisting yesterday that the meeting was not part of its redundancy notice proocedure and it would not be a negotiating meeting.

BL has warned that an overtime ban throughout the commpany could affect its performance at a crucial time in the finely-balanced recovery plan, and that thousands of other jobs in the company will be at risk.

With the support of members of the Association of Professional, Executive, Clerical and Computer Staff, whose 7,000 BL members are likely to bear the brunt to of the projected cutss, though, the threat to the Metro has become more real.

APEX members operate the computer systems which order materials for productions of the Metro

Glitter cannot disguise motor industry problems

Kenneth Gooding looks at the state of the UK motor industry in the light of the Birmingham Show which opens to the public today.

THE Birmingham Motor Show, which opens to the publict oday, provides a constant reminder that trucks, buses and other commercial vehicles, components and accessories are an integral part of a successful industry. All the various activities rub shoulders throughout the exhibition halls.

But if the Press and trade days are anything to go by, this show has one outstanding attraction—BL's Metro. It has been given an enthusiastic and even emotional reception, and has attracted the biggest crowds.

Part of the reaction flows from the fact that Metro is locally made and a large percentage of visitors to the show so far have been from the Midlands. Some have already nicknamed the car "The Brumbug" to honour the town where it is made.

This kind of local enthusiasm, if it continues, will pay a vital part in keeping quality and reliability at the Longbridge plant where the Metro is made up to reasonable levels.

Labour relations in the UK industry have certainly improved in recent times. At the last Birmingham show two years ago the Ford stand stood empty because of an industrial dispute.

Both Sir Michael Edwardes, BL's chairman, and Mr. Ferdinand Beikler, president of Vauxhall, used the platform provided by the show's Press day to emphasise the "revolution" in the attitude of their workforces.

Sir Michael said that on 98.2 per cent of the working days tis year there had beeg no disputes within BL. He urged the media to "give the workforce the kudos they deserve."

He might be reconsidering today now he has problems with his white collar unions.

Mr. Sam Toy, the new chairman of Ford, who only a week or so ago warned the Halewood workforce about output of the Escort there, reported there had been the dramatic improvementhe had asked for and that output was on schedule at an average of about 500 cars a day.

But there must still be lurking doubts that the "revolution" might be a sysmptom of a recession in the industry rather than a permanent change of attitude however.

As for the retail end of the business, there have been persistent and worrying reports from BL's distributors at the show that hiey cannot get even a minium supply of Metros. Sir Michael said that 10,000 had been built by last Friday. Bue where are they?

There was a timely reminder that the Metro will not be given a free ride in th UK by the even if it does mean life or death to BL's Austin Morris division.

Vauxhall's announcement that it was introducing two Chevettes each costing under £3,000 proved that.

Mr. Des Savage, Vauxhall's director of marketing, assured me that Vauxhall certainly will produce some of these cars in spite of some scepticism among his rivals.

Vauxhall and its dealers will have to take a cut in profit margins to get the cars on to the market as such low prices. This would account for the unenthusiastic remark by one dealer: "If they send me one, I'll nail it to the showroom floor."

There have been constant reminders that the Metro, the new Escort and the low-cost Chevettes are being launched at a time when the car business in the UK is in some disarray, even though the slump in sales is no more than was expected at the beginning of 1979.

The industry forecast is 1.51m registrations this year against the record 1.71m in 1979.

Most of BL's competitors blamed the state-owned group for the problem in the retail market.

Mr. Toy said he hoped that with the launch of the Metro, "there will be a return to orderly marketing."

He said the profits of Ford's 393 main dealers in the UK this year would be down by two-thirds from the 1979 level. The dealers would be paying £30m in interest charges in 1980, twice the amount for last year.

Mr. Toy's views would certainly be supported by Mr. George Turnbull, chairman of Talbot UK. He reckons most of the £19.6m loss he reported for the first half of the year was caused by the need to give his dealers financial support.

The consensus of opinion here seems to be that demand for cars will not pick up again for at least nine months and then by not very much.

If the Government wished to help the industry, it should get interest rates down. Mr. Beickler said the next eight to 12 weeks would be crucial and Vauxhall might have to extend short-time working.

On the face of it, the industry has not done too badly in the first eight months of this year—turning in a surplus in motor industry products of £127m against a trade deficit of £106m for the same period of 1979.

But the real test of the apparent recovery will come with the next boom. And we might have to wait beyond the next Birmingham Show in 1983 to see that.

UK NEWS

Top salaries match inflation

BY ARNOLD KRANSDORFF

MORE OF BRITAIN'S top managers are receiving fringe benefits than in 1979, despite the tax cuts introduced by the Government last year. This emerges in the latest Inbucon survey of executive salaries, published yesterday.

The management consultancy group's survey also shows that managers' salaries have generally kept in line with inflation in the year ended last June, although bonus payments have become a little scarcer.

High levels of income-tax have for many years been blamed for the proliferation of fringe benefits. Organisations like the British Institute of Management have often argued that, given the choice, their members would prefer salary to benefits. Yet the survey shows that in the past year more managers were given cars, free medical insurance and Top Hat pension schemes.

The survey may, however, not fully reflect the effects of tax cuts on the pattern of fringe benefits since many companies would probably have already drawn up their salary and benefit programmes for 1979-80 before the tax cuts come into force. Thus, a different picture may emerge next year.

The survey reveals that more than 72 per cent of managers now have a company car—about 3 per centage points more than in the previous year and 11 percentage points more than in 1975. The main professional categories which benefited were personnel and production executives. Inbucon estimates that a company car is worth about £2,000 a year, on average.

Nearly 58 per cent of managers are getting free private health insurance, a rise of more than 7 percentage points on a year before.

Inbucon says that managerial salaries have risen by about 19 per cent during 1979-80—almost exactly in line with inflation.

A managing director now earns £23,081 while other directors earn £16,569. Chief engineers, 56 per cent of whom have company cars, now earn £10,483.

The survey shows that 37 per cent of senior executives received a bonus during the year —7 percentage points fewer than in the previous 12 months. The value of the bonus, however, was 13 per cent higher on average at £1,509, though as a percentage of gross salary the figure dropped from 12.5 to 11.6 per cent.

Over a four year period from July, 1976, managerial salaries have more than kept pace with inflation. At the net level, salaries increased by 89 per cent compared with a gain in the retail price index of 71 per cent.

Inbucon examined 30 executive jobs covering 669 companies and 8,200 individual executives.

A separate look at salaries in Scotland shows that the typical company executive is now earning more than £12,000 a year and probably drives a company car. But he still lags behind his English counterpart.

The average salary is now £12,244. Managing directors are earnings between £13,660 and £34,801.

Survey of Executive Salaries and Fringe Benefits. Inbucon Management Consultants, Knightsbridge House, 197, Knightsbridge, London, SW7 1RN. Price £80.

Tax fight to rely on old royal charters

By Raymond Hughes, Law Courts Correspondent

ROYAL CHARTERS dating back to the 14th century will be relied upon by a Jersey company challenging a £15m tax claim on the estate of the late Sir Charles Clore, the High Court was told yesterday.

Stype Investments (Jersey) is to ask the court to rule that the court has no jurisdiction, or should assume none, to deal with an action by the Inland Revenue arising out of the claim for capital transfer tax.

Mr. Peter Taylor, for Stype, told Mr. Justice Fox that one of the questions would concern the constitutional relations between the UK and Jersey. They were contained in Royal Charters and other legal documents ranging in date from 1332 to 1687.

It would be necessary for the documents to be examined by experts and evidence would be required about the international obligations contained in the charters.

Also, evidence would have to be taken from Stype directors scattered throughout various countries.

With the Revenue's consent, the time in which Stype has to lodge its challenge with the court was extended until November 14.

Earlier this month the Revenue was granted a temporary injunction stopping Stype removing any of its assets from the UK. The order was made in an action in which the Reevnue is asserting that Stype is legally obliged to deliver accounts relating to the sale for £20.5m of the Guy's Estate in Herefordshire, the largest item in the English estate of Sir Charles, who died in July last year.

The Revenue also seeks an order that Stype must pay CTT, assessed at more than £15m, on the sale proceeds, which have been transferred to Stype in Jersey.

Stype denies that it is under any such obligations.

Intasun boosts overseas tours capacity by 12½%

BY JAMES McDONALD

INTASUN, Britain's third biggest package tour operator, is increasing capacity on its overseas holidays programme next summer by about 12½ per cent over this year's total, even though it believes there will be a glut of package holidays on the UK market next year.

Thomson, the British market leader, Cosmos and Horizon have already expanded next summer's programmes by 15 to 20 per cent.

But Intasun, which claims that its holidays will be cheaper in real terms since prices on average will only be about 5 per cent higher than in 1980, believes that it will not suffer. "We are confident that we are again well-placed to secure growth," Mr. Harry Goodman, the group's managing director, said in London yesterday.

On the basis of tour operator programmes published so far, he estimated, there will be more than 500,000 more air holidays on offer for next year than the 3.7m holidays which he believed were taken up this year.

"All current indicators lead me to believe that our industry should not plan on a bigger market, and will be trading in conditions where the supply of holidays will be substantially in excess of demand," he said.

Intasun — which opened Miami to mass British travel this summer, taking about 100,000 Britons there—managed a "highly profitable" load factor of 93 per cent on its package tours this year, filling 375,000 of the 400,000 places.

Next summer the group will be offering 450,000 air holidays.

During May next year, as an introductory bargain, Intasun will offer about 1,000 holidays in Miami Beach at prices lower than those available this summer. For example, a week from Gatwick will cost £149.

Intasun, which this year used Air Florida and Laker aircraft for the Miami holidays, has signed an exclusive four-year charter contract with Air Florida for the flights to Miami and Orlando. Laker aircraft will be used for the U.S. west coast flights.

M3 rises by £386m

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £386m, or 0.6 per cent, in the month to mid-September on a seasonally adjusted basis. The Bank of England said yesterday that the rise was "comparatively little distorted by readjustments consequent upon the ending of the supplementary special deposits scheme" (the corset). Sterling M3 rose by 17½ per cent in the year to mid-September.

Domestic credit expansion was the lowest since April, though it was still large at £1bn. This reflects central government borrowing of £1.15bn which was only partially offset by net sales of debt to the non-bank private sector of £740m. Sales of gilt-edged stock of £890m were in turn partly offset by net surrenders of £250m of certificates of tax deposit, mainly to pay petroleum revenue tax.

Sterling lending to the private sector rose by £548m. Total demand for credit was only about half this amount as bank acceptances financed outside the banking system (which are not included in the main figures) dropped by £280m.

External and foreign currency finance was a major contractionary influence on sterling M3 at £590m. This implies a substantial outflow of sterling from the non-bank private sector.

MONETARY AGGREGATES (£m)

1980	Money stock M1 change	Money stock M1 %	Sterling M3 change	Sterling M3 %	Bank lending in sterling* change	Domestic credit expansion change
January	+ 49	+0.2	+ 485	−0.9	−1,378	+ 738
February	−4.11	−1.5	+ 330	−0.6	− 502	+ 270
March	+304	+1.1	+ 302	−0.5	433	+ 716
April	+105	−0.4	+ 216	−0.4	−1,545	+ 702
May	−115	−0.4	+1,249	+2.2	+ 370	+1,147
June	−297	−1.1	+ 447	+0.8	+ 438	+1,369
July	−976	−3.6	+2,954	+5.0	−2,379	+3,482
August	+ 64	−0.2	−1,826	−3.0	869	+2,019
Septemeber	−269	+1.0	+ 386	+0.6	543	+1,004

All figures seasonally adjusted.
** Lending to UK private sector.*

Source: Bank of England

David Marsh looks at where 'spare' British money is going

Bank funds flow into Eurosterling

BIG British banks, never at a loss to find ways of making money, will not be too distressed if the recession leads to a big drop in loan demand from hard-pressed industrial borrowers this autumn.

The banks have already discovered a more rewarding method of using spare funds—placing them in the profitable banking markets of Paris, Brussels and Amsterdam.

The lucrative business of lending to the Eurosterling market, the market in external sterling deposits run by banks in key European financial centres, has etched a few more worried lines on to furrowed Bank of England brows.

Banks' increasing enthusiasm for lending overseas in sterling has tended to inflate the money supply, adding another complication to the problems of monetary control that has so vexed the Bank and Treasury this summer.

The Bank has already expressed displeasure at the inventive ways in which banks managed to flout its "corset" controls during the last two years.

These restrictions, which were abolished in June, were meant to dampen down bank lending—but led instead to ingenious bending of the rules. Once the corset was scrapped, bank lending which had been diverted outside the banking system returned to normal channels, presenting the Government with the embarrassment of an 8 per cent surge in sterling M3 money supply in July and August.

One of the authorities' main aims in abolishing the corset was to put an end to distorting domestic influences on the money supply. Most of the post-corset distortions which so bedevilled the July and August figures have in fact now been ironed out. But, ironically enough, by releasing the banks from controls, the Bank of England has opened up another complication by allowing them to place more funds in Eurosterling.

Commercial banks take delight in pointing out that the Bank of England did not appear to realise what profitable loopholes it was opening up when it ended the corset.

The Bank also seems to have been taken by surprise at the general increase in importance of the Eurosterling market as a dual result of last year's abolition of exchange controls and the re-emergence of the pound's international importance.

Since the June scrapping of the corset, banks' overseas lending in sterling has totalled well over £1bn — a much higher rate of growth than earlier in the year and in previous years.

Lending did, however, fall off in September after a sharp increase in July and August, according to Bank of England figures published yesterday.

Only a small amount of this sum seems to have been lent directly to foreign companies and individuals, who are still wary of borrowing sterling because of high interest rates and the fear that the pound will appreciate further.

The lion's share has simply been deposited with banks in Euromarket centres. The money has flowed out because the Eurosterling banks can afford to pay a higher rate of interest than that available in London — giving UK banks the chance to make a tidy profit.

Banks operating on the London market are required by the Bank of England to keep a fixed proportion of their total deposits in relatively low-yield reserve assets such as Treasury bills. Banks on the Euromarket, on the other hand, are not subject to such reserve asset costs— which means they can bid a higher rate of interest for funds.

UK banks have been keen to take advantage of higher Eurosterling rates because of a widespread expectation that sterling interest rates will fall soon as the Government makes the long-awaited cut in minimum lending rate.

Some banks have been able to make the whole operation doubly profitable, by diverting into Eurosterling funds which themselves have been borrowed relatively cheaply.

Banks can sometimes borrow significant sums of money through offering certificates of deposit to building societies at rates of interest up to ¼ percentage point below the normal domestic inter-bank rate. The funds can be lent abroad at rates which are about ½ percentage point higher than the inter-bank level. Though clever timing of the operation, which can expose further interest rate gaps, some banks can make an overall profit of up to ¾ per cent of the funds used—with no extra risks involved.

Bankers make it clear that such lending operations can be a clear alternative to putting funds into British industry. "Especially if there are doubts about the credit-worthiness of a commercial name. Eurosterling lending can take the place of loans to the commercial sector," says one clearing banker.

However, the Eurosterling has to eventually end up back in Britain — all funds lodged in sterling abroad have to be reflected ultimately in claims on the UK banking system.

'A rum business' at Courage

By Raymond Hughes,

A DISPUTE in which the Bacardi rum company alleged that other rum was substituted for its product in Courage public houses has flared up again.

Bacardi has started a High Court action in which it alleges that Courage has broken an agreement under which the dispute was settled in April last year.

Bacardi's application for a temporary injunction restraining Courage from supplying liquor not connected with Bacardi, in response to orders for Bacardi or Bacardi rum, has been adjourned by the court until November 12.

Mr. Hugh Laddie, for Bacardi, said it had tested a large number of Courage outlets and found substitution of another white rum at a fair number.

Mr. Stanley Brodie, QC for Courage, which by agreement was granted an adjournment to prepare its evidence, told Mr. Justice Vinelott that Courage did not accept that there had been any substitution, but it would take some time to investigate the 50 or 60 public houses involved.

Bacardi is suing Courage, Courage Brewing, Courage (Western), Courage (Eastern), Courage (Central) and John Smith's Tadcaster Brewery. It seeks injunctions against passing-off and breach of last year's agreement, and an inquiry into the amount of damage it has suffered.

In March last year Bacardi alleged that Dry Cane rum was served without explanation in response to orders for Bacardi rum in several Courage licensed outlets.

UK NEWS – LABOUR

Ford UK to take tough line with unions

By Our Labour Editor

FORD UK, for many years the most profitable of the British motor manufacturers, is preparing to drive a hard bargain with its unions this year like other motor and engineering companies.

In an unusual public statement yesterday, Mr. Paul Roots, the company's chief negotiator, anticipated Ford's formal reply next month to claims for substantial pay rises with a warning about the company's competitiveness.

Mr. Roots said after receiving a claim on behalf of 14,000 white-collar workers that the circumstances of this year's negotiations were "very different from previous years."

The company was already losing sales to the Japanese both inside and outside Europe "at an alarming pace." He added: "The productivity and costs of other world-wide vehicle manufacturers are much better than our own."

Ford of Britain was vulnerable like any other company. If it did not become more competitive it would not survive, neither would the jobs of its employees, Mr. Roots said.

A similar claim, but concentrating on a cut in working hours, will be submitted by unions representing Ford's 59,000 manual workers at the end of the month.

The company has said it will reply late in November when the present agreements are due to expire.

Shop stewards, in looking for a rise of around 20 per cent—though no figure has been put in the claim—have said they do not regard settlement elsewhere in the motor industry as relevant.

Cunard attacks seamen's action

THE CUNARD shipping line yesterday described as "completely unwarranted" the action by members of the National Union of Seamen, which prevented the Cunard Countess from leaving Bridgetown, Barbados.

The action follows Cunard's decision last week to transfer the Countess and her sister ship, the Cunard Princess, to flags of convenience.

Mr. Owen Morrissey, an NUS executive member, said in Barbados yesterday that the company would be able to replace the present crew with cheaper non-unionised labour.

Cunard said the company had guaranteed that British seamen aboard the two ships would not be put out of work.

Technicians threaten plant if ICI forces redundancies

BY NICK GARNETT, LABOUR STAFF

INDUSTRIAL action by technicians and other white-collar staff aimed at shutting down ICI's Wilton petrochemical site on Teesside—thel argest such site in the UK—would begin immediately if the company imposed compulsory redundancies, the Association of Scientific, Technical and Managerial Staffs warned yesterday.

An ASTMS delegates' meeting decided yesterday, after the company's announcement of two plant closures and 4,500 redundancies, that technical and clerical staff at other sites would be recommended to start industrial action under similar circumstances.

The union's ICI national committee is recommending that the union pulls out of the company's joint consultative committees in protest at what it describes as the company's failure to involve the unions before the ICI Board took the closure decision on Monday.

General secretaries from three of the company's principal unions, together with their national chemical industry officers, met Mr. John Nott, Trade Secretary, yesterday.

The unions want a range of measures to assist the UK's beleaguered fibres sector, which at ICI is taking the brunt of the cuts.

These measures include negotiations with the EEC Commission and the U.S. Government on the level of U.S. imports.

In the absence of an agreement with the U.S. the unions are seeking unilateral action from the British Government, including much tougher quotas than at present, and lower pricing on energy and feedstock supplies similar to those enjoyed by U.S. suppliers.

The unions are seeking specific aid for Kilroot, Northern Ireland, and Ardeer, Scotland, where ICI is shutting two fibre plants.

Mr. Nott said there was no guarantee that anything the Government could do could help.

He said the Government had to recognise the framework of EEC policy towards imports, and that there was a genuine fear of retaliation by the U.S. Government against the UK's woollen industry.

This retaliation has already been threatened by the U.S. Government in reprisal for EEC tariffs on polyester and nylon yarns. "We must not transfer unemployment from one UK industry to another UK industry," he said.

Mr. Clive Jenkins, ASTMS general secretary, who was at the meeting, said the unions had told Mr. Nott that although they saw the Government's problems, the Government had to find a way of doing what the unions requested in order to assist the UK fibres industry.

ICI has lost £38m in its fibres division in the first six months of the year. It hopes most, if not all, redundancies can be voluntary, or there can be retraining and redeployment.

Prison officers' dispute widens

BY PHILIP BASSETT, LABOUR STAFF

PRISON OFFICERS' leaders yesterday met Lord Belstead, Home Office Minister with responsibility for prisons, to discuss further the union's mealbreak claim which has led to industrial action in the prisons, but no new common ground was found between the two sides.

Mr. Peter Rushworth, deputy general secretary of the Prison Officers' Association, said that the Government was still refusing to refer to arbitration its two claims for meal break payments. He said a situation was developing where the Home Office's action meant that prisoners themselves were being affected by the dispute.

Lord Belstead agreed that the officers' action, which includes refusing to handle sentenced or remanded prisoners who have then to be held by the police, was having an adverse effect on prisoners.

The Home Office revealed that by yesterday some 690 prisoners were now being held in police cells rather than in prisons, although officials stressed that this figure was nowhere near police cells limit. The position is being closely monitored in case of large numbers of arrests arising, for example, from football crowd violence in already stretched areas.

While refusing to reveal any of the Government's contingency plans for the dispute, Lord Belstead did say that there were no plans to use army camps to hold prisoners unable to be admitted to jail. About 95 of the 120 prisons are refusing to accept prisoners, with particular heavy concentration in the North and Midlands.

Officials said the large majority of prisons were now taking some form of action. Liverpool, Leeds, Manchester, Risley and Low Newton were refusing visits and social welfare, so that prisoners were in their cells for up to 23 hours per day.

Lord Belstead said he hoped that when the public became aware of the effect on prisoners the dispute would be scaled down. He said prison officers had a very heavy responsibility to the public to protect them from prisoners.

The two claims are national claims for payment of all unscheduled mid-day meal breaks, and a local claim, the "Liverpool" claim, for payment for breakfast breaks taken by officers working the short day shift.

Esso chairman defends 14% offer

BY OUR LABOUR STAFF

MR. ARCHIE Forster, chairman of Esso, said yesterday it would not have been reasonable to make pay proposals to its tanker drivers and terminal workers below the level already offered.

The Transport and General Workers' Union is recommending rejection of an offer of just over 14 per cent on basic rates together with a further, larger amount if productivity targets are met and maintained.

The proposals would lift the present basic rate of £92 to £105, with a set of further productivity-related staged payments raising it to £121. This would be a rise of 31.5 per cent on basic rates.

"I know people can say that we should be below 10 per cent because that is what the Government is looking for," said Mr. Forster.

"But I am not aware of any Government wages and salary policy. I do not think it would be reasonable to offer our people less than we have offered."

The company, which yesterday announced after-tax profits of £144m could not "begin to pretend that we are holding out the begging bowl," Mr. Forster said.

Employers criticise closed shop code

By Christian Tyler, Labour Editor

SERIOUS criticism of the Government's proposed code of practice on closed shops has been made by the Engineering Employers Federation, despite the EEF's dislike in principle f closed shops.

In a submission to Mr. James Prior, Employment Secretary, the EEF says of the code's recommendation that existing closed shops be preiodically reviewed: "Far from improving relations or industrial efficiency, this could cause many practical problems."

Most existing closed shop agreements create few such problems, the EEF says, whether to employers or employees. The flexibility and tolerance which the draft code calls for "results from the fact that once established, their existence is rarely challenged by a review process."

The federation's strictures, which are in sharp contrast to the Confederation of British Industry's virtual endorsement of the codes both on the closed shop and picketing, wil provide ammunition for MPs of both parties on the Select Committee on Employment who are determined to see the codes modified before their presentation to Parliament.

The EEF objects to the proposal that all closed shops should be reviewed now that the Employment Act is on the statute book. Those reviews would have to be conducted "against a background of union hostility and suspicion," and unions might refuse to co-operate at all.

Second, reviews following changes in the composition of a company's labour force might serve to impede industrial and technological change. Unions could well resist such change because it would have the incidental effect of exposing their closed shops to erosion or review.

Testing support for closed shops by ballot could also stimulate unions to keep up constant pressure to maintain and expand their membership.

The EEF suggests that a single paragraph should be substituted for the draft code's recommendations, to the effect that either party may call for a review if there has been significant change justifying review.

Both of the Codes were criticised by the British Institute of Management yesterday as being "over-political and sometimes even provocative."

While not denying the need for codes, the BIM says that ideally they should be agreed with the TUC.

Four big unions pursue boilermakers' merger

BY JOHN LLOYD, LABOUR CORRESPONDENT

FOUR OF the country's largest unions are actively courting one of the oldest unions, the 130,000-strong Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers, with the aim of amalgamation.

The Boilermakers' executive told the union's biennial conference at Rothesay yesterday that the three largest unions—the Transport and General Workers' Union, the engineering section of the Amalgamated Union of Engineering Workers and the General and Municipal Workers' Union and the Electrical and Plumbing Trades Union, had all expressed interest in an amalgamation.

It is understood that the AUEW has offered the society 15 places on its national committee, and two seats on its executive council.

Mr. Moss Evans, the general secretary of the TGWU, and two of his most senior colleagues — Mr. Larry Smith and Mr. Ron Todd — led talks with the society, while discussions with the GMWU have been going on over some two years even though the society's last conference voted decisively against an amalgamation with the G and M.

The executive beat off an attempt by left-wingers to commit the union to amalgamation with the AUEW. The conference, in private session, passed a motion supporting attempts to merge with an "appropriate" trade union.

Mr. John Hepplewhite, for the executive committee, argued strongly against an amalgamation with the AUEW because it would mean losing the policy-making powers of the society's national delegate conference.

The executive told the delegates that, apart from the retention of the conference, it would also demand the retention of the present system of election of officers, of the Newcastle head office and of the various trade identities within the union.

The Society, with a membership throughout the general engineering industry as well as in shipbuilding, is a prize for the large unions, but it faces a number of pressures shared by many medium-sized unions, especially those with large memberships in declining industries.

The union's traditions predispose it towards a craft union rather than a general one. The GMWU was turned down by the society's conference two years ago on the grounds that it was not a craft union.

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Howe's determination remains unaltered on medium-term goals

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, told the Mansion House banquet that he expects a "considerable" further fall in the rate of inflation by next spring.

Stressing that the Government's monetary policy was not a short-term one, he said: "That strategy is not likely to be called into question by short term difficulties in measuring and controlling the money supply.

"Our determination to achieve our medium term goals remains unaltered."

Sir Geoffrey said the Government did not flinch from good decisions because they were difficult. "We have sharply reduced top tax rates, abolished dividend, price, pay and exchange controls and removed the corset.

"But we are not a reckless administration. Our philosophy has been to proceed step by step, with all deliberate speed.

Limited value

"It is in this spirit that we have consulted widely on whether our techniques of monetary control can be improved in ways that will help us achieve our medium-term strategy. The public examination of possible improvements, which we launched with the publication of the Green Paper last March, will soon be brought to a conclusion.

"While I cannot prejudge that conclusion, some things are already becoming clear. The first is that in a sophisticated financial system such as ours, direct controls like the corset have a very limited value.

"They can easily turn out to cause more problems than they cure. But in the context of our existing system the authorities have felt impelled to reimpose the corset on no less than three occasions.

"This suggests at least that present arrangements may not be adequate, even over the medium term, for the fulfilment of a policy which rests upon the priority of meeting monetary targets and reducing the rate of monetary growth.

Careful sequence

"Certainly it is not surprising that many of our financial institutions have yet to adapt to a world in which quantitative monetary targets are accorded their due importance. If indeed present arrangements are not entirely adequate, then the questions which arise need to be considered and answered in a careful sequence.

"We shall announce the outcome of our current considerations as soon as we are ready to do so.

"Some lessons must no doubt be learned by studying the problems in measuring monetary growth of which I have already spoken.

"It is clear, for example, that the figures for banking July and August were distorted not only by the bill leak and other forms of disintermediation, but also by the reconstruction of balance sheets as banks took advantage of the freedom denied them for two years by the corset.

Sir Geoffrey pointed out that the September figures for money supply growth, published in detail yesterday, revealed "encouragingly low growth" of sterling M3.

He said that the underlying rate of monetary growth was too high, because of companies' need for finance and the pattern of the public sector borrowing requirement, but that the position was likely to improve.

"As for the second half of the financial year, public sector borrowing and bank lending are likely to abate and contribute to a lower trend of money supply growth, taking one month with another."

Sir Geoffrey said the Government was making progress in reducing the rate of inflation. "Of course, it is still much too high. But the annual rate of retail price inflation is now about six percentage points lower than it was in May.

"I expect a considerable further fall by next spring. Wholesale prices are scarcely growing at all. House prices are flat too. In each of the past four months the increase in retail prices has been well below 1 per cent.

Defeating inflation involved adjustment costs. "In the long run these are plainly less than the costs of surrendering to inflation. But they are nevertheless substantial.

"The more quickly those responsible for taking economic decisions—and, above all those with responsibility for wage bargaining—adapt to the tightness of monetary policy, the smaller those costs will be.

Figures distorted

"This is why it is so important to strengthen people's growing confidence that inflation is, indeed, going to slow down: and to make people understand that past inflation is a most dangerous yardstick for judging the size of present pay settlements."

The Chancellor stressed that the Government attached importance to opportunities for dialogue, for example, at the National Economic Development Council.

"Our discussions there have gained in quality and breadth by the fact that the Governor himself is now one of our number.

"The Government are ready, at all times and with all comers, to discuss our policies—as well as the factors by which those policies are inevitably constrained: for such factors must limit all our actions.

"It is no doubt for that reason that signs of greater realism are now increasingly apparent—for instance in some recent wage settlements in the engineering and motor industries.

"Long-term changes in the economy in response to our North Sea oil and gas needed to be better understood.

"No wonder people still find it less than easy to see North Sea oil in the right perspective. For some, it is an unqualified blessing; for others, an unmitigated disaster. Both judgments are exaggerated.

"There are a variety of ways in which North Sea oil helps us: it brings us some security of oil supply; significant additional revenue, in due course, and, to the extent that it has been reflected in a higher exchange rate, some help in the fight against inflation and an (unearned) addition to our standard of living.

"On the other side of the balance sheet, the impact of oil upon the exchange rate has created real and pressing problems for our exporters and for those who face foreign competition in home markets.

"Yet at the same time, the oil bonus, because of the substantial improvement it has brought to our real living standards, tends to reduce the pressures we feel to mend our ways.

"In that respect, alas, it is capable of making the British disease significantly worse."

The changes in resource allocation required by increased oil production were no different in quality from the normal changes in any dynamic and complex economy. It was the pace of change that was so disconcerting.

At the same time the recent strength of the pound was bringing home the inevitable consequences of allowing pay to rise much more quickly and productivity much more slowly than any of our competitors.

"The days in which it seemed easy to accommodate such failings through depreciation of the pound are now over. Nor do we have the option of managing the exchange rate at some desired level.

"As we have seen recently, the currency of a country more or less self-sufficient in oil tends to rise dramatically on news which makes the currencies of many other industrialised countries fall.

Job security

"I can understand the view of some commentators that not all the factors underlying sterling's present strength are likely to be permanent. Some of them are not in question—for example, North Sea oil and the fact of a strong Government determined to control inflation.

"But others seem likely to be more temporary. High interest rates will not be with us indefinitely. Private sector capital outflows are growing, and (particularly once sterling interest rates fall) could well accelerate in future. So also could overseas borrowing in the sterling market.

"As for the current account of our balance of payments, I think we must regard yesterday's exceptional figures as in part the result of the impact of recession on imports, and not as something we expect month after month on this scale.

"At a time when industry faces adjustments of the kind which I have described, it is all the more important to ensure that the burdens of our counter-inflation policy are fairly distributed.

"If we are to be able to permit reduction in interest rates without endangering monetary control, then we must secure firm control of public spending and borrowing.

"At a time of general economic difficulty, the public sector cannot be protected from pain. This imperative applies with particular force to public sector pay.

"Workers in the competitive sectors are being obliged to accept pay rises substantially below the current rate of inflation. It would be grossly unfair if public sector employees were not prepared to do the same.

"Partly as a result of staged 'comparability' payments, many public sector workers have enjoyed an unusually large increase in earnings during the last pay-round: around 27 per cent in the public services compared with 18 per cent in manufacturing industry.

"Moreover, most of those who work in the public sector have enjoyed a much higher standard of job security. When unemployment is high a secure job is worth a great deal. That should be reflected in relative levels of pay.

"When we come to set cash limits for the rate support grant as well as for central government expenditure, I can assure you that we shall have each one of those factors most firmly in our minds.

"There is a not dissimilar point to be made about some of the nationalised industries. A monopoly position spares many of them the pains of adjustment which are now falling on the private sector.

Cutting costs

"So the message I have for the nationalised indsutries, management and unions alike, is this. The country looks to you to help with the process of economic adjustment by cutting back the growth of your costs.

"Meantime, the Government will continue to do everything we sensibly can to diminish these indsutries' monopoly power: in some cases by ending statutory monopiles and allowing private enterprise to compete; in others by transferring control of industries (or part of their activities) to the private sector.

"Disposals of this kind—made at the right time—are one of the many ways in which the City of London can help to extend the role of the market and so improve the working of our economy.

Mr. Gordon Richardson (left), Sir Peter Gadsden, and Sir Geoffrey Howe—speakers at last night's dinner

Mr. Nicholas Goodison, Chairman of the Stock Exchange

Growth of money supply 'will slow'

MR. Gordon Richardson, the Governor of the Bank of England, conceded that the rate of growth of the money supply had been well above target levels during the spring and summer, but predicted that the growth rate would slow considerably during the rest of the financial year.

He said the excess monetary growth was mainly the result of heavy borrowing by both the public sector and industrial and commercial companies hit by the recession. But these pressures were now likely to ease, as inflation fell and borrowing by both public and private sectors dropped.

The economy was facing severe problems and difficulties. "But it is right also to recognise that some positive results are beginning to come through," he said.

Difficulties

The economy was facing severe problems and difficulties. "But it is right also to recognise that some positive results are beginning to come through," he said.

"Over decades our productivity performance has ben poor. It has long been plain that if we had been less resistant to change, average output per man, and hence the average standard of living, could have been far higher. It is encouraging, therefore, to hear reports that attitudes may be changing.

"The Bank's wide contacts with industry suggest that managers are more alert to the need to manage, and that workpeople are more concerned with the success of the firms in which they work.

"Improved methods, it is said, are being introduced and accepted more quickly, because it is realised that they are essential to survival. If this sense of reality can be preserved when trade revives it could provide the basis for a new and enhanced prosperity.

"The prime object of policy is the defat of inflation; and we must be greatly encouraged by the signs that inflation is now yielding ground. Retail and wholesale prices have been rising progressively less rapidly—as have also the prices of commercial property, houses and land, typically the harbour of funds seeking to escape inflation.

"The immediate course of inflation depends importantly on what wage settlements will be. Here too there are hopeful reports. It seems likely—particularly if settlements in the public sector are kept moderate—that wage increases in industry will be at much more realistic levels than last year.

Reports by David Marsh, Christine Moir and John Moore

"That would be a heartening change. If we are to achieve price stability in the years ahead, wage increases will have to be earned—earned, that is, by productivity increases; and we will once again have to get used to low single-figure settlements, as in many other countries.

"But, as I am well aware, for many firms this is an anxious time. Demand has shrunk, and low profits are being further squeezed. Firms are being forced to undertake retrenchments—some perhaps overdue—of stocks, of overheads, of labour, and now increasingly, of investment.

"Many firms, moreover, are understandably concerned about their ability to hang on in markets at home and overseas in which they are trading at a loss.

"The force of the recession still seems to have some way to go. When it ends, many companies will be in a better condition to grasp the opportunities that an upturn presents; but, the longer the recession lasts, the more will othres find their situation becoming difficult.

Turning to the behaviour of the monetary aggregate, Mr. Richardson recalled that the target aggregate sterling M3, showed a rapid increase in the summer. "It is therefore important to determine the nature of that acceleration," he said.

"It is, first, clear that the corset seriously distorted the monetary statistics, both in the two years while it was in effect, and after its removal in June. The effect was not unexpected: the uncertainty related to its extent.

"One general lesson from this experience with the corset and from our earlier experience with quantitative lending ceilings is that we need to be deeply sceptical of the value of direct controls of this kind.

"It also seems clear that, making all due allowance for the effects of the corset, the true underlying rate of growth of sterling M3 accelerated sharply in the late spring and summer to well outside the target range. This followed a period of some months in which monetary growth had moderated.

These swings in the rate of monetary growth reflected quite largely the fluctuations in the scale of public borrowing. At the turn of the year the PSBR was relatively low, while heavy funding continued. In the spring and summer there was a resurgence in public borrowing—which perhaps approached a rate of about £7½bn in the first six months of the financial year.

"This resurgence was no doubt in considerable degree temporary, but it was much larger than expected. It was in consequence more than could then be financed outside the banking system from the capital market, even though sales of gilt-edged stock were made to domestic non-bank investors in that period of over £4½bn.

"In face of such swings in the borrowing requirement, the difficulties for short-term control of sterling M3 are, I submit, bound to be increased.

Outflows

"At the same time, net external outflows from the private sector, which exercise a contractionary effect on monetary growth, diminished as the current account went into surplus.

"There was, in addition, one other powerful force, arising from the condition of the economy—persistently strong demand for bank credit from the private sector. The bulk of this borrowing has been by industrial and commercial companies and, increasingly since the recession really began to bite in April, a proportion of it has been undertaken to maintain the substance of businesses intact."

The Lord Mayor's guest list

Aitken, Mr. T. P. H., Allport, Mr. D. I. Ammerman, Mr. J. E. Auger, Mr. M.

Ballard, Mr. K. A., Lord Barber, Barron, Sir Donald, Barring, Mr. J., Batty, Mr. J. G., Baxendell, Mr. P. B., Bee, Mr. R. N., Benson, Sir Henry, Benson, Mr. W. J., Bidwell, Mr., H., Blunden, Mr. G., Boland, Mr. J. A., Botcherby, Mr. R. B., Brett, Mr. M., Bright, Miss Julia, Broackes, Mr. N., Brooke Johnson, St. John, Lieut-Col., Brown, Mr. D. C. G., Browne, Mr. T. A., Gore, Bruce, Dr. R., Burchette, Mr. P., Burke, Mr. J. B., Burnley, Sir Anthony, Burns, Mr. T.

Cadbury, Sir Adrian, Caine, Mr. M. H., Campbell, Mr. B. D., Lord Carr of Hadley, Cave, Sir Richard, Chappell, Mr. E. P., Christmas, Mr. L. G., Clarke, Sir John, Clark, Sir Robert, Clarke, Mr. H. S., Clay, Mr. J. M., Clemm, Dr. Michael von, Clydesmuir, Lord, Coates, Mr. Ian, Cohen, Professor H. E., Cohen, Mr. L. H. L., Coleby, Mr. A. L., Collett, Mr. C., Colthurst, Mr. G. S. O., Cooke, Mr. W. P., Cope, Dr. J., Corfield, Sir K., Cork, Sir K., Cottrell, Mr. T. E., Couzens, Sir K., Croham, Lord, Cubbage, Mr. M. J. S.

D'Abbans, Mr. W. E. C., Davidson, Mr. A. S. R., Davies, Mr. R., Dawkins, Mr. D. A., Delacave, Mr. J. T. L., Dicks-Mireaux, Mr. L. A., Donaldson, Lady, Donaldson, Mr. D. R., Donne, Mr. D. L., Donnelly, Mr. T. A., Dow, Mr. J. C. R., Dowey, Mr. R. J., Down, Sir Alastair, Drain, Mr. G. A., Drewery, Mr. G., Driggs, Mr. J., Dunn, Mr. P. H., Durnin, Mr. J. C., Dyer, Mr. C. F. W.

Einfeld, Mr K. F., Ellis, Rear-Admiral, E. W., Erroll of Hale, Lord, Evans, Mr. D. I., Ezra, Sir Derek.

Fallon, Mr. I., Faulkner, Sir Eric, Fehr, Mr. B. H. F., Fell, Mr. R., Fforde, Mr. J. S., Finlay, Mr. W. D., Fisher, Mr. A. T., Flemming, Mr. J. S., Fordham, Mr. W. E., Forward, Mr. A., Fowler, Mr. R. A., Fox, Sir Murray, Fraser, Sir Campbell, Fripp, Mr. T. W., Fuller, Mr. R.

Gadsden, the Lord Mayor, Sir Peter, Gadsden, Mr. D., Galpin, Mr. R. D., Garner, Mr. F. L., Geddes, Sir Ray, George, Mr. E. A. J., Gibbs, Mr. R. G., Gillett, Commander and Alderman Sir Robin, Goldsmith, Sir James, Goodison, Mr. Nicholas, Goodwin, Mr. P., Graham, Mr. P. A., Graham, Mr. S. T., Green, Mr. P. J. F., Greenborough, Sir John Hedley, Griggs, Mr. J. P., Grol, Mr. F. W.

Hall, Sir Arnold, Hambro, Mr. C. E. A., Harcourt, Mr. D., Hardcastle, Mr. A. J., Hart, Mr. A., Hatfield, Mr. A. F. R., Hawker, Sir Cyril, Hedderwick, Mr. R., Henderson, Mr. R. A., Herries, Sir Michael, Hervey-Bathurst, Mr. J., Hill, Mr. G. S., Hill, Mr. R., Hogg, Mr. C. A., Holland, Mr. J., Hollom, Sir Jasper, Horlock, Mr. Deputy Wimburn, Hough, Mr. J. P., Howard, Sir Edward, Howe, Sir Geoffrey, Hull, Mr. J., Hunt of Tanworth, Lord, Huskisson, Mr. R. A., Hyde, Mr. J. B.

Inglefield, Mr. D.

Jacomb, Mr. M. W., Jansen, Mr. J., Jardine, Mr. S., Jarratt, Sir Alex, CB, Jeelof, Mr. G., Jenkins, Mr. B., Johnston, Sir Alexander, Joiner, Mr. D., Jolliffe, Mr. S., Jones, Mr. D., Jones, Mr. N. W., Joseph, Mr. Maxwell.

Kellett, Sir Brian, Kenyon, Sir George, King, Mr. A. D., King, Sir John, Klein, Mr. F.

Laing, Sir Hector, Lawson, Mr. N., Lee, Mr. E. A., Leigh-Pemberton, Mr. R., Levinson, Mr. S., Little, Mr. J. N., Lloyd of Dolobran, Lord, Loehnis, Mr. A. D.

Mais, Colonel, Manners, Mr. T. J., Margulies, Mr. E. S., McMahon, Mr. C. W., McWilliams, Mr. F., Mendenhall, Mr. W. K., Messer, Mr. C. J., Merton, Mr. W. R., Mills, Mr. A., Milo, Lieut.-Col. Peter, Minty, Mr. N., Miskin, Judge J. W., QC, Molyneux, Miss S., Money-Coutts, Mr. D. B., Montagu, D., Morgan, Mr. B. L., Morgan, Mr. G. L. B., Morse, Sir Jeremy.

Naunton, Mr. J., Neill, Mr. F. P., Nelson of Stafford, Lord, Nicholas, Mr. W. F., Nixon, Mr. E. R.

Orr-Ewing, Mr. H.

Page, Mr. J. B., Paolis, Mr. D. De, Parker, Sir Peter, Paterson, Mr. R. C., Pattullo, Mr. D. B. Pearce, Sir Austin, Pease, Sir Richard, Pennock, Sir Raymond, Petherbridge, Mr. R. I., Pilkington, Sir Alastair, Porter, Mr. L., Prentice, Mr. T., Price, Sir Frank, Priestley, Mr. L. W., Prideaux, Mr. C. J., Prindl, Dr. A. R., Pryce, Mr. G. T., Putnam, Mr. G. E.

Quinn, Mr. B.

Rawlinson, Sir Anthony KCB, Rawson, Mr. C., Rayner, Mr. N., Read, General Sir Anthony, Read, Sir John, Reilly, Mr. F. R., Rhodes, Elder Serjeant R. P., Richardson, Mr. G., Richardson, Mr. Gordon, Ring, Colonel Sir Lindsay, Robbins, Mr. R. S. T., Robson, Mr. N. J., Rodgers, Mr. S., Roney Mr. E. P. T., Rossi, Dott. Francesco Anzilotti De Nitto de, Rossiter, Mr. P. J., Rothschild, Mr. L. de Rowe-Ham, Mr. D. Ryder, Mr. E. D. D.

Sainsbury, Sir John, Salomon, Mr. W. H., Sanders, Mr. J., Savory, Mr. M. B., Scholey, Mr. D. G., Seymour, Mr. J. H., Sharp, Mr. R. L., Sherfield, Lord, Shukri, Mr. Sabih, Shuler, Mr. H., Silva, Mr. D. De CC, Smith, Mr. A. W., Smith, Mr. P. G., Smith, Mr. R. B., Solomons, Mr. A. N., Somerset, Mr. D. H. F., Stainton, Mr. Ross, Steel, Sir David, Stewart, Mr. Ian, Stitcher, Mr. G. M., Studd, Sir Peter, Swift, Mr. M. C.

Taylor, Sir Robert, Tebbit, Mr. N., Thacker, Colonel L. B. A., Thompson, Mr. C., Thompson, Professor Ray, Tidbury, Mr. C. H., Toffler, Mr. Felix, Toynbee, Mr. M. R., Turner, Sir Mark.

Vaz, Mr. G. Vestey, Mr. E. H.

W

Wainwright, Mr. S., Waley-Cohen, Sir Bernard, Walker, Mr. D. A., Wallbank, The Rev. Dr. N. F., Walsh, Mr. G. R., Watson, Mr. H., Webster, Mr. M. G. T., Weir, Viscount, Weissmüller, Mr. A. A., Wells, Mr. M. H. W., West, Mr. D. J., Weyer, Mr. D. V., Wiggins, Mr. A. J., Wilcox, Mr. M., Wilde, Mr. D. E., Wilkes, Mr. R. G., Williams, Mr. L. E. H., Wills, Sir J. S., Wilson, Mr. A. B., Wixley, Mr. G. R. A., Wolff, Mr. F. F., Wolfson, Sir Leonard, Woatner, Sir Hugh, Wood, Mr. P., Wright, Lieut.-Commander B. R., Wright, Mr. J. A., Wylie-Harris, Mr. W. H.

Y

Yarrow, Sir Eric G., Yokota, Mr. S.

Z

Zulueta, Sir Philip de.

Lloyd's chairman pays tribute to Lord Mayor

MR. PETER GREEN, chairman of Lloyd's of London, paid tribute to the "boundless energy" of the Lord Mayor. Mr. Green said the Lord Mayor had made many short trips in the UK and Europe and had "only recently returned from a long and arduous tour of China, making I suspect the first visit by a Lord Mayor to that country."

"It is customary on this occasion to recall some of your travels abroad on our behalf," he said, "but could I confine my remarks to some of your more unusual ones.

"A visit was made to a tin mine in Cornwall where, with your mining background, I suspect you were quite at home. And still underground you made a tour of the London sewers where perhaps, as an underwriting member of Lloyd's, you were expecting a little salvage by finding the odd diamond ring which one or other of your assureds may have inadvertently dropped down the plughole."

He said: "Your boundless energy has sometimes left your staff and fellow citizens breathless in their efforts to keep up with you."

Expressing the thanks of the guests to the Lord Mayor, Mr. Green said: "We all sincerely hope you will recall with happiness this year when on behalf of the bankers, merchants and citizens of London you have sought to extol our virtues and explain to a troubled world the many ways in which our great City can still offer help and assistance with the problems which face us all."

Swiss clothing exports up by 21% in first six months

BY JOHN WICKS IN ZURICH

EXPORTS of clothing by Switzerland rose by 21 per cent during the first half of 1980 over the corresponding period last year, reaching some SwFr 800m (£203m).

According to a report published by Union Bank of Switzerland, foreign orders increased much faster than those from the home market.

Switzerland is a net importer of clothes, imports having increased 22 per cent in the first six months to SwFr 1.08bn. The average value of expored clothing, however, is almost 50 per cent above that for imports.

The industry expects generally favourable business conditions in the present second half, though with slower growth than in the first part of the year. Export orders are now being regarded "with some caution," although overall turnover, orders and output should be up on 1979 levels.

At the same time, the bank reports satisfactory sales on the part of the paper and printing machinery sector, nearly 90 per cent of whose sales are on foreign markets.

Exports of paper and paper-processing machines were up 12 per cent to SwFr 22.1m and those of printing machines by as much as 39 per cent to SwFr 142.3m in the first half of 1980, with the major sales market being West Germany.

Turkey factory to employ more

THE WORKFORCE of a turkey factory in Suffolk could be boosted from 340 to more than 500 by early next year.

Bernard Matthews Turkeys has been given the go-ahead for a £1½m scheme to extend its factory on the Holton airfield near Halesworth. Waveney district council has approved outline plans for the extension.

City/Bank link praised

IT IS more than a geographical coincidence that the Mansion House and the Bank of England are "within a stone's throw of each other." Sir Peter Gadsden, the Lord Mayor said in his outgoing address to the Chancellor.

"It is an essential characteristic of the City that all its major institutions are within easy distance so that communication is straightforward."

As a market place the City of London is "about people, so it is essentially a place where people meet and communicate. It is appropriate that the Governor of the Bank of England and the Lord Mayor of London should be neighbours."

Sir Peter recalled that one Lord Mayor, Sir John Whorlon, had combined the two roles, being the first Governor of the Bank.

Addressing the Chancellor, Sir Peter stressed the "growing importance of the City of London as a world centre for international trade and banking," a trend underlined by the opening in the City this week of branches of a Mexican bank and an Austrian bank.

"I do not have to tell you that the City of London is an insitution of national importance," he reminded the Chancellor, "and I do not have to tell you of the sincerity of the City of London's wish for prosperity for Britain."

'Cut state's dominance in society'

THE GOVERNMENT has not moved fast enough in reducing the state's dominance in society, Mr. Nicholas Goodison, chairman of the Stock Exchange, complained to the Chancellor.

"We want to see the day return when the state ceases to demand an excessive share of the available savings and money can flow again where it is most needed."

Until the Government's long-term debt is reduced, "there is obviously little chance of those sensible reforms of taxation which we so badly need—lower income-taxes, and the ending of the crazy system of income- and capital taxes which rewards those who lend their savings to Government or who buy larger houses than they can really afford and severely punishes those who put their savings at risk in trade and industry."

Mr. Goodison also accused Ministers of dragging their feet over denationalising British industry. Retaining large parts of the country's commercial business in state hands unbalanced the economy, confused those trying to run state companies and led to lack of discipline.

"The disciplines imposed by thousands of direct lenders and shareholders are stronger and more democratic than the disciplines of a government department." Mr. Goodison called on the Chancellor to speed up the transfer of industry to those disciplines.

However, Mr. Goodison gave Mrs. Thatcher credit for being "the first leader we have seen for years, no, decades, who has the capacity to inspire us to greater commercial effort."

Regarding the Exchange's own problems, Mr. Goodison repeated his claim that its rule book should not be subjected to scrutiny by the Restrictive Practices Court.

It could lead, he said, to "potentially the largest case in English civil legal history," and may not even be manageable in the context of normal legal procedures.

Energy Review: South-East Asia

By Richard Cowper in Jakarta

ASEAN's plans for non-oil power

THE ASSOCIATION of South East Asian Nations (ASEAN) has the distinction of belonging to one of the fastest economic growth regions in the world. In spite of the recession among the industrialised nations and the growing threat of protectionism, the five-nation grouping—which consists of Indonesia, Malaysia, Singapore, the Philippines and Thailand—has remained remarkably buoyant by world standards.

But ASEAN Ministers are aware that if they are to maintain traditional growth rates of 5 per cent and more they need to start tackling the key problem facing many of the world's economies—how to secure future supplies of energy and minimise the recessionary effect of rising oil prices on their own economies.

They are also worried that the closure of the Straits of Hormuz could have dire effects on their economies. The problem is not so immediate for oil and gas exporting nations in the region like Malaysia and Indonesia. But for Thailand and the Philippines, whose economies are already seriously affected by the second substantial rise in oil prices in less than a decade, the need to develop their own energy resources and diversify away from oil is urgent.

A shortage of kerosene, which is used for cooking, together with rapidly rising petrol prices helped bring down the Kriangsak Government in Thailand earlier this year.

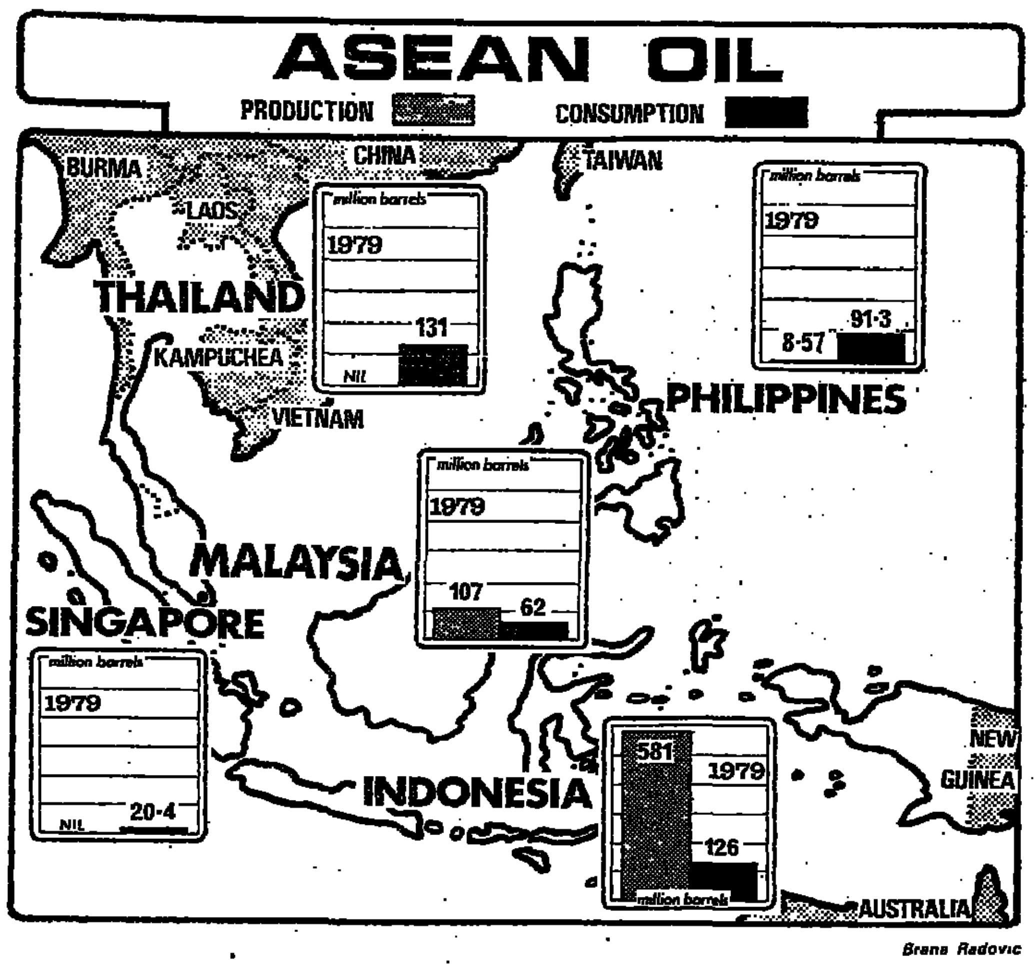
The Philippines has in the last 18 months begun to feel the shocks of successive oil price increases on its balance of payments, its inflation rate and the real incomes of many of its people. Its current account deficit this year is likely to reach about U.S.$2bn, 25 per cent up on last year, and its oil bill is likely to account for more than 30 per cent of its total import bill.

Even Indonesia, by far ASEAN's biggest oil exporter, which stands to gain most from rocketing oil prices, has become increasingly concerned at its growing energy bill.

Malaysia, which produced 66m barrels in 1978, boosted output to nearly 107m barrels last year to underscore its position as the region's second largest exporter. But Mr. Leo Moggie, Malaysia's Minister for Energy, fears that the oil could run out before the year 2000, and wants to implement a diversification policy.

ASEAN Energy Ministers met formally for the first time last month in Bali. Among the ideas for energy co-operation which they discussed was what seemed to many an ambitious proposal to create an ASEAN regional power grid.

The regional power grid, which in the first instance would link the national grids of all but the Philippines, might also turn out in some instances to be the best way of exporting energy from one ASEAN country to another.



Brana Radovic

Coal reserves

Indonesia, for example, is believed to have at least 15bn tonnes of coal reserves in South Sumatra. Its quality is too poor to make it a viable bulk export proposition, but if it were converted into electricity it might make good sense to sell the power.

The national grids of Singapore and Malaysia have already been linked for several years, and plans to join up Thailand's national grid with Malaysia's are in the final stages.

But ASEAN Ministers realise that energy planning will remain a national rather than a reginoal priority for many years. What is important, they agreed, is that each country should formulate policies to draw on the vast resources of coal, hydropower, gas, and geothermal energy which remain untapped inside their own borders.

The region is comparatively rich in non-oil power and there are large reserves of natural gas which only now are beginning to be tapped in the Gulf of Thailand and the South China Sea. The Philippines, which imported nearly all its domestic energy requirements in 1978, has set aside nearly $10bn in an ambitious bid to reach 50 per cent energy self-sufficiency by 1985.

The country's first oil came on stream last year and Mr. Geronimo Velasco, Energy Minister, says production should reach 20m barrels next year. If it does, the Philippines will be producing about 18 per cent of its own domestic oil consumption of 110m barrels by 1981.

It has large untapped reserves of coal (potential 1.4bn tonnes), hydroelectric (8,000 MW potential) and geothermal energy, and plans to spend the greater part of the energy budget in moving over to non-oil fired electricity plant. If everything goes according to plan, oil and diesel will account for only 40 per cent of electric power by 1985, compared to its present 70 per cent.

Of all the ASEAN countries Thailand is probably the most vulnerable to rising energy costs and has the least well thought out long-term energy strategy. It produces no oil or gas and depends for around 85 per cent of its energy requirements on imported crude.

There are signs, however, that the new regime under General Prem Tinsulond is beginning to face up to the problem. Dr. Anuwat Wattanapongsiri, the Thai Minister for Science, Technology and Energy, in a recent interview with the Financial Times said: "The energy question is the biggest single economic problem we face." He is working on a plan which he hopes will reduce oil imports by 43 per cent over the next seven years.

The basis of the plan, Dr. Anuwat says, is a major shift from imported oil to domestically produced gas and coal as a source of power. Coal and gas are planned to generate the largest proportion of Thailand's domestic electricity needs by the late 1980s.

A $1bn pipeline should be ready late next year to bring Thailand's first natural gas to Bangkok, while a senior official at Atlantic Richfield (ARCO) believes that gas could be supplying 30 per cent of the country's electricity needs by 1984. Dr. Anuwat says large reserves of lignite in northern Thailand could be generating about 1500MW of power by 1987.

Malaysia with a population of less than 15m has perhaps the most enviable position of all the ASEAN countries. It is sitting pretty on oil reserves estimated at about 3bn barrels and gas reserves believed to be in the region of 30 trillion (million million) cubic feet. Malaysia is producing about 270,000 barrels-a-day and is pursuing an active depletion policy. Most observers agree that it could easily boost production to 500,000 b/d but even at this rate Malaysia's oil would comfortably last for another 16 years. Reserves at current production rates would last for at least another 30 years.

In spite of its happy position, Malaysia is actively switching to gas, coal and hydroelectric power. On the drawing board is a $300m gas gathering network to take gas to the east coast of West Malaysia to power a 450MW electricity plant and to act as a feedstock for a $700m petroleum industries complex while coal is destined along with hydroelectric to provide the major source of electric power for the country by 1985.

Indonesia, though by far the region's largest producer of oil, also has the unhappy distinction of having a population estimated at 150m, and with domestic energy consumption rising at 10 per cent a year Indonesia's economic planners are worried that its crude oil export surplus might vanish by the 1990s.

The Ministry of Energy is actively pursuing a plan to shift from oil to coal for domestic electricity generation, and to use gas wherever possible to power new industries. The real problem lies in the consumption of kerosene for cooking and light, and this alone is likely to mean that petroleum will account for as much as 80 per cent of the country's domestic energy well into the latter half of this decade.

In the short to mid-term, oil will undoubtedly remain the primary energy resource for all the ASEAN countries. With well over 50 per cent of the region's oil imports coming from the Gulf ASEAN Energy Ministers at the Bali Conference were undoubtedly concerned that the war between Iraq and Iran might result in the closure of the Strait of Hormuz—with serious consequences for a number of ASEAN economies.

One idea which was floated outside the meeting itself was a plan for implementing a regional oil self-sufficiency scheme. Though Malaysia and Indonesia would be most unlikely to countenance such a scheme, theoretically it would be quite possible. Oil consumption of the five nations is about 350m barrels a year while production is roughly double that figure at just over 700m barrels a year.

But nearly all this is accounted for by just two nations. Indonesia, the largest oil and gas producing nation east of the Gulf, produced 581m barrels last year while Malaysia produced around 100m barrels, leaving a mere 14m barrels for the Philippines.

Japanese contracts

With much of Indonesia's oil and gas on contract to Japan—a market which has always proved lucrative and more often than not extremely reliable—Indonesia in particular would be loth to embark on any serious attempt to market a significant proportion of its oil to the oil deficit countries of ASEAN.

Lastly but not least, by far the largest party of ASEAN trade is conducted by individual members with countries outside the region, and many see that it would not be in the interests of ASEAN further to reduce the flexibility of the world oil market.

All this said, however, ASEAN countries do have an emergency oil sharing scheme, which becomes operative when a country finds itself 20 per cent short of its normal supplies, and Indonesia did agree earlier this month to provide Thailand with a one-off sale of 300,000 barrels of crude at official prices to help overcome a Thai shortage. But recent attempts by Bangkok to give more bite to the emergency scheme by reducing the trigger level from 20 to 10 per cent, however, were unsuccessful.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Holograms in the no-cash phone box

BY GEOFFREY CHARLISH

WHO HAS ever walked into a public phone box only to find that there are no 5p coins in the pocket or handbag? Or found a foreign coin (or even a mutilated British one) jammed in the slot? Or discovered that the whole system has been vandalised during an attempt by petty thieves to make off with the coin box?

Working in conjunction with its Swiss parent, Landis and Gyr of Acton, London, is to supply to British Telecom 200 of a new kind of public phone instrument called Cardphone which does away with coins altogether and uses an inserted plastic card instead, purchased in advance.

Based upon public reaction and its own assessment of the system, British Telecom will decide the extent of wider installation, but the trial installations will probably be put into places like railway stations and airports.

No money

The important advantage to PTTs will lie in the fact that no money collections will be needed and the phone booths will become less attractive to criminals.

Clearly, such a system must have a totally foolproof, easily used card that cannot be forged or tampered with.

In fact, the Landis and Gyr system employs a form of holography and is one of the few really practical applications so far found for this fairly recent scientific achievement.

Holography first made an impact when lasers, with their ultra-pure single wavelength light were used to make impressions of a solid object on photographic film. These were in effect a coded message which when "played back" by viewing them in a similar light produced a three dimensional illusion of the original object.

The plastic card of Cardphone does something rather similar in order to make forgery impossible, but the user never sees any images. Instead, holographic patterns are laid down on the card during manufacture to have two effects: one is a series of embossed stripes, which are visible and which represent money units, while the other is an invisible micro-fine holographic pattern which represents some white dot codes known only to the company.

A vital point about the fine pattern is that the data it contains about the secret original shapes is spread over the face of the card so that, even if the card were torn in half, each half would still provide the codes to re-constitute the original patterns.

In practice, this means that the card can be considerably mutilated but will still look the same to the security check reader in the phone box console. Since these diffused patterns are generated in conjunction with the money debit stripes, alterations are impossible.

To use the phone box the caller inserts the card which is read by the unit and the user can then see on a small screen what credit is left on the card.

Should the handset not be lifted the card is returned within a few seconds. If it is lifted and a call made, the procedures are similar to a call from a conventional box except that, during the progress of the call the display counts down the money used and at the same time a tiny heating element removes the appropriate number of credit bars from the face of the card. It actually melts the embossed bars but the surface damage does not affect the viability of the hologram on the card's surface.

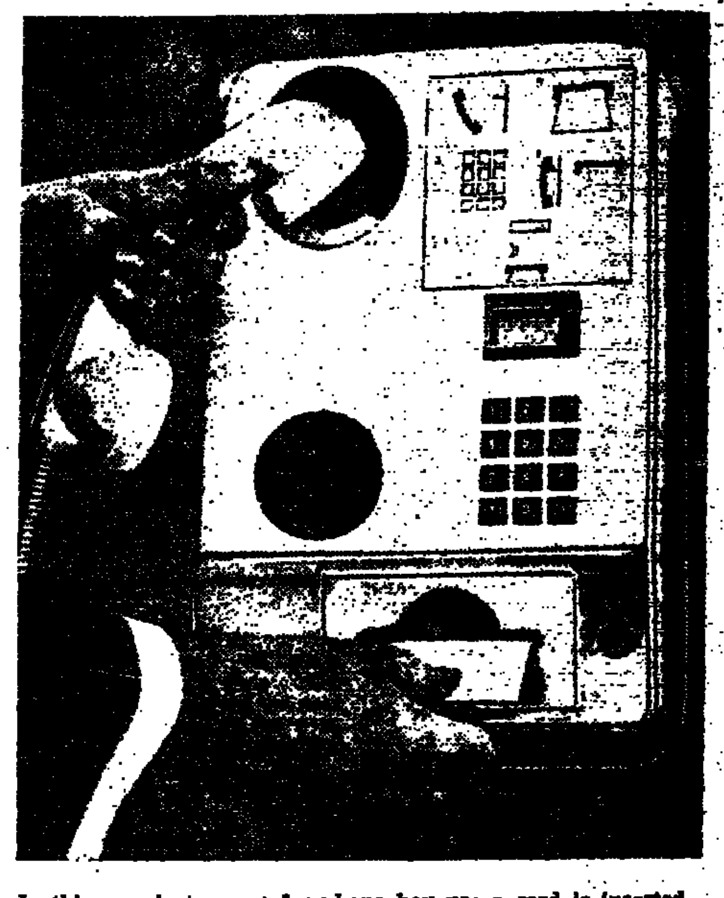
Card returned

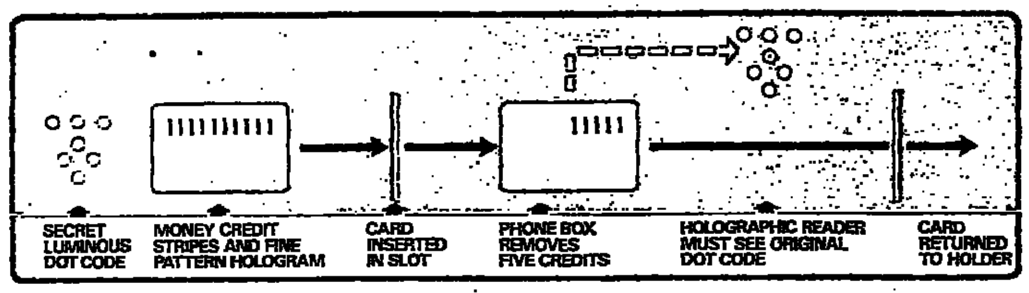
If during the course of a call the card runs out of credit, audiable and visible indications are given and it is possible to insert a second card without discontinuing the call.

Needless to say, if the holographic reader inside the wall console does not see the appropriate original dot pattern, precisely, then it immediately returns the card to the user.

The whole unit is controlled by a microprocessor, which allows a number of things to occur. For example, the number keyed in by the caller is memorised by the micro and is only transmitted to the telephone line if there is sufficient credit on the card. It is also possible to program barred numbers and to authorise transmission without the insertion of a card (for emergency call numbers such as "999").

It is understood that there is no chance of the criminally minded replacing the removed credit bars once they have been melted off because each of the bars is associated with the holographic data inscribed over the surface in invisible form.





In this new instrument for phone box use a card is inserted instead of money and holographic patterns prevent the card being forged or altered. Diagram shows how an original coded pattern known only to the makers has to be recognised by the unit before the phone can be used and the card debited.

● INSTRUMENTS

Analyses problems on sight

VIBRATION AND temperature in rotating machinery can be measured on site with a compact, portable, battery-operated unit, said to be the first equipment of its kind, announces Weir Group, Cathcart, Glasgow (041 637 7111).

Described as a vibration analyser and temperature indicator the instrument is known as the Weir VTA-1 and is toughly constructed for use in a working environment.

It is calibrated in commonly used units, and provides functions most needed for periodic inspections which, the company says, are becoming increasingly important for preventive maintenance in power stations, ships, water supply and sewage systems, oil platforms and refineries, and many other industrial establishments where rotating machinery is used.

The instrument comes with an accelerator mounted on a magnetic clamp with a detachable one metre lead with two chromal alumel thermocouples with two metre leads. One thermocouple has a mineral-insulated probe, the other is for surface use. The unit is provided with cold junction compensation for ambient temperatures in the range from 0 to 30 degrees C.

For on the spot investigation, the operator simply attaches the accelerator to the part to be checked, or he applies a temperature sensor. Appropriate switch positions are then selected and measurements can be read off directly from a single analogue meter calibrated in mm/sec RMS velocity and degrees C.

The scale can also show rotational speeds in the range up to 10,000 rpm. The company says that the simplicity of operation is such that many more readings can be taken in a given time than are possible with conventional equipment.

Using a graph supplied with the unit, the vibration in mm/sec can be converted, if required to displacement in microns. Another graph allows the vibration to be classified in relation to frequency on a scale from extremely rough to extremely smooth to indicate whether—or how urgently—corrective action is needed.

Instrument weighs only 6 lb, measures 12 by 9½ by 3½ inches, and comes in a leather case with a shoulder carrying strap. It costs around £600—which the company says is less than the price of a typical unit for vibration analysis alone.

● PACKAGING

Cuts off the lids

THE LIDS of tea chests can be cut open at a rate of three a minute by a machine developed by Gunson's Sortex, Fairfield Road, London E3 2QQ. (980 4888).

The machine has a router-type cutter mounted within a small vacuum extraction chamber through which all particles of wood from the cutting operation are extracted through 50 mm flexible tubing to a remote collection point.

The volume of waste material generated by the router cutter is roughly 30 per cent less than that produced by normal saw type cutting, it is claimed.

The machine accepts any chest from 400 mm to 610 mm high and from 400 mm to 560 mm in depth or width and will adjust its own handling and cutting head assemblies.

In an automatic sequence, the chest is lined up and its exact size determined by sensors. These sensors provide information for the router cutter to engage with and cut through the lid without cutting the metal edging, thus preventing metal swarf or nails contaminating the tea.

The machine transfers the open chest to a conveyor before taking and aligning the next chest from the holding zone within the machine where two chests are normally in readiness.

An electrically powered conveyor moves chests through the first and second holding stages and discharges them after removing the lids. All the other functions of the machine rely upon a pneumatic power source.

● COLOUR MATCHING

Mixture always as before

COLOURANT MAKERS need have no fear of mis-matches in their batches since a computerised spectrophotometer installed at Reckitt's Colours at Kingston-upon Hull (0482 29875) has enhanced the company's customer service.

Machine comes from the U.S., is called an ACS 550 computer control system, and can provide a rapid, reliable and accurate match—it effects not only a visual match, but also the reflectance curves of the original sample, plus a comparison match.

Cadmium colours (yellows, orange, red, etc.) are top favourites for plastic kitchenware, rubber and toy products, but there is an ever-present risk that one batch may vary from another.

The new machine enables Reckitts to maintain accurate records of all its customers' blends, and of its own factory grade stock, so that exact matches can always be repeated to meet customer needs.

New Bowater plant

INVESTMENT OF £¾m on a milk and fruit juice packaging system has been disclosed by Bowater Corporation subsidiary Bowater PKL (UK).

The system is based on a carton, Safe-Pak—designed by Bowater PKL—and packaging machinery manufactured by Cherry Burrell. Its introduction follows an agreement between Bowater and Aerogenerators, UK distributor of Cherry Burrell machinery, under which Bowater will supply and service equipment for use with Safe-Pak cartons.

Bowater PKL says it is doubling its production facilities with a new factory adjacent to its existing plant in Tyne and Wear.

Two Cherry Burrell machines will form the basis of the Safe-Pak system. The larger of the two has a filling rate of 6,700 one-litre cartons per hour or 9,000 per hour using 1 pint, ½ litre or ⅓ pint cartons. The smaller is capable of 4,800 per hour using one-litre cartons and 6,600 per hour with 1 pint, ½ litre or ⅓ pints.

● COMMUNICATIONS

Leyland drives into business viewdata

BRITISH LEYLAND is to instal one of the first private viewdata systems in the UK. In the next two months it will connect 25 of its distributors in an experimental network to aid in stock location.

Prestel, the Post Office proprietary viewdata system is, of course, already on public trial, but the Leyland experiment is reckoned to be among the first in the UK to run on U.S. computer equipment. It will run on Leyland's existing Digital Equipment PDP 11/70 computer.

And in West Germany a public viewdata system, *Bildschirmtext*, offering facilities much in advance of what is available on the UK system has just gone live.

The software for both the Leyland System and the West German system is basically the Post Office Prestel software enhanced and developed by Systems Designers, a software house based in Camberley, Surrey.

For the Germans, Systems Designers have developed software which enables the Prestel system to connect to packet-switched software through the international standard X25 protocol.

In Germany the system is being exploited by a number of mail-order houses who make it possible for customers to order goods from their homes. The latest prices and availability of an item selected from a catalogue can be retrieved from the computer and the order entered directly into the computer's memory.

And bank customers can now carry out transactions in their homes. The viewdata terminal can be used to obtain a statement of debits and credits or to authorise financial transactions. Special passwords prevent abuse of the system.

According to Systems Designers: "Any *Bildschirmtext* terminal user may access the bank's computer to calculate credit data such as loan periods, rates of payment, total credit prices and to perform currency conversion calculations."

The private viewdata system developed by Systems Designers, IVS-3, is marketed outside the UK by Aregon International, but sales in the UK are the responsibility of the software house.

According to Alan Haimes, head of Systems Designer's Information Systems division, at least one other major organisation has ordered the system and a further three are expected by the end of the year.

It looks now as if business application of viewdata will take the lead over the expected mass market for the public service.

It is clear that the service has not taken off anything like as rapidly in the U.S. as expected, due at least in part to difficulties with U.S. television standards. And there is still controversy over which viewdata standard should be adopted internationally.

ALAN CANE

THE MANAGEMENT PAGE

BY CHRISTOPHER LORENZ

Cash cows: a breed in need of careful milking

BY STUART SLATTER

COWS, DOGS, stars and question marks became four of the most fashionable management buzzwords in the 1970s, as senior managers started to catch on to new ideas about strategic planning.

Some of the new concepts are conceptually very simple, and therein lies their appeals for managers. But it is also their main weakness. Too many strategic decisions are now being taken on the basis of an indiscriminate application of such concepts, particularly the famous "product matrix" or "business portfolio matrix," which is where the cows, dogs, and so on come in.

The matrix is an attempt to apply the idea of managing a portfolio to one of the key strategic issues facing top management—deciding what is the appropriate mix of products or businesses in which to compete. The matrix relates corporate cash flows to market share and market growth.

It is based on two main ideas: first, the use of cash is proportional to the rate of growth of a product or business (the vertical axis); and secondly (the horizontal axis), the generation of cash is a function of market share because of unit cost reductions associated with increasing volumes (the much-publicised "experience curve" effect).

The matrix is shown in the illustration. Products or businesses fall into one of the four quadrants and are categorised as either stars, cash cows, dogs or question marks.

The apparent simplicity of the portfolio matrix concept appeals to most managers, but few seem aware of the practical pitfalls in its application. There are at least eight.

(1) Defining The Relevant Market

All market definitions are arbitrary. Hoffman-La Roche, the Swiss drugs group, argued before the British Monopolies Commission that it did not have a dominant position with Librium and Valium in the tranquilliser market. The Monopolies Commission claimed the company had a 68 per cent share of the market: the company claimed it had only a 13.4 per cent share. Why the difference? Hoffman-La Roche defined the relevant market very widely, claiming that over 600 products were "in some way in competition" with Librium and Valium, including aspirin!

Key question

The key question for the strategist relates to the issue of product substitution on the demand side. Does the market only include competitors selling products with similar product characteristics, or does it include all products bought for the same use by customers? The right balance is difficult to obtain—and yet is critical if the portfolio matrix is to be a useful analytical tool.

(2) The Value of Market Share

The product portfolio matrix implicitly assumes that high market share is more profitable than low market share. There is no doubt that in many industries where economies of scale are available high market share does lead to higher returns. The crucial point for the practising manager to remember is that high market share does not *always* lead to higher profitability. Evidence from several UK companies indicates that beyond a certain limit they are unable to obtain additional cost advantages, even when "good" management and adequate investment are available.

Furthermore, high market share may result from factors other than lower unit costs. Advantages such as superior product quality, superior after-sales service, company image and reputation, or control over channels of distribution—all of them aspects of what is generally known as "product differentiation" — may be the major determinants of market share; advantages which may require a higher cost structure than that of competitors. Where these factors are important, it is not inconceivable that low market share may be more profitable than high market share.

(3) The Effect of Market Structure

A critical factor to be taken into account in assessing the usefulness of the portfolio matrix concept is market structure (the size and nature of the suppliers, the competitors and the customers). Market structure determines the feasibility and cost of increasing or maintaining market share, and the firm's ability to generate enough cash flow in the mature phase of the market to provide an adequate discounted return on capital investment.

In a product market segment consisting of a number of companies of more or less equal market share and equal financial capabilities, the ability of any one company to develop a dominant market position may be severely limited. If such a market structure continues into market maturity, keen competition with high marketing costs can be expected to keep profit margins low and eliminate the expected "cash cow."

Furthermore, market structure changes over time and new entrants may come into the market even after market growth has slowed down. Cadbury's found this out only too well with its dairy milk chocolate bar when Rowntree Mackintosh introduced its "Yorkie" product into the slow growth-chocolate bar market.

(4) Validity Of The "Product Life-Cycle"

Implicit in the matrix is the idea that once the growth rate of successful products has started to slow down, it never increases again. This implies that a mature or dying product can never "take off." In most instances this is true, but marketing managers can often point to exceptions. The product life cycle is far from being a hard and fast law, and care needs to be taken in itse use.

(5) Market Stability

Building market share to reap the cash benefits when the growth rate of the market slows down assumes that the maturity phase will last long enough to provide an adequate return on the cash invested in the growth phase. In growing markets, and particularly those in a state of technological turbulence, a new generation of products can be introduced on to the market even before the growth rate of the earlier generation has started to slow down.

(6) Interrelatedness Of Product-Market Segments

The product portfolio approach to formulating strategy tends to look at a business in terms of a series of individual strategic business units. Unfortunately, life is not so simple. For many firms, product-market segments are interrelated. Firm A, for example, may choose to compete aggressively in a given product-market segment, pricing at marginal cost because it regards the market segment as a peripheral business activity, useful for filling up plant capacity.

Other competitors in the same market segment may look upon the segment differently if they are not competing in the same mix of product-market segments as firm A.

7—Divesting The Dogs

Perhaps the most controversial aspect of the growth-share matrix for managers is the idea that those businesses (or products) with low market share in low growth markets should be divested or liquidated. For many firms, a high percentage of all products and businesses probably fall in this category. The practical reality for many managers is that they have to manage not just a dog, but a whole "kennel of dogs"! Getting out of a business is not that easy: there are often considerable barriers to exit.

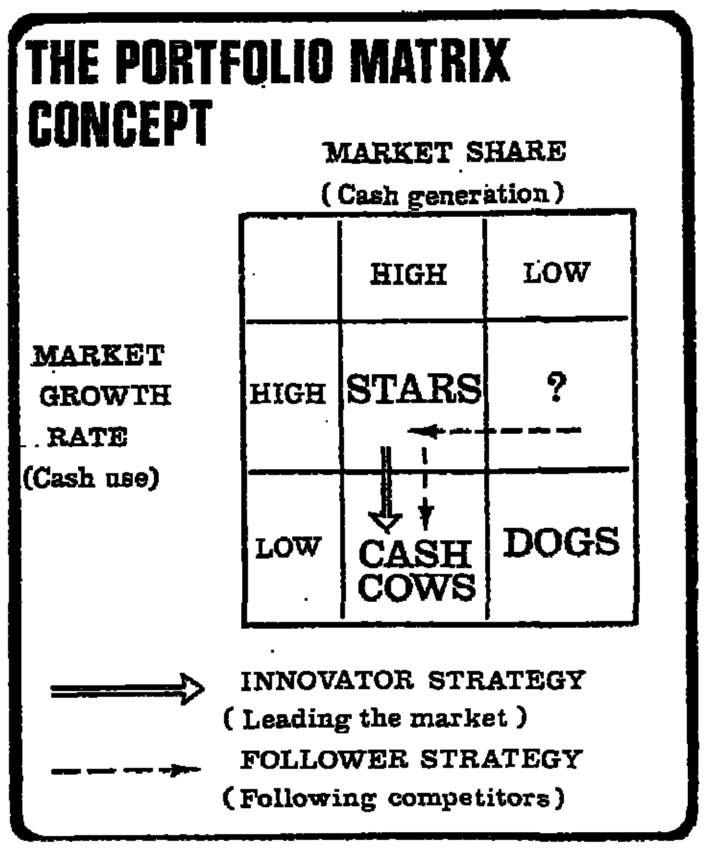
Nor are all low growth-low share businesses total losers. A few are, and these need rapid surgical treatment to stop the cash outflow. Other "dogs" may be making some contribution to profits and cash flow, and some may have the potential to make a much larger one. Cutting them out will not necessarily free resources for use elsewhere.

8—Distorting The Facts

Even assuming one can measure market shares and market growth rates reasonably accurately, how does one then decide what is the boundary between high and low share, and between high and low growth rates? What often seems to happen in practice is that managers play with the locations until they can "prove" whatever they want to. As with most management tools, we end up with the human factor distorting any potential benefit that could possibly be derived from the concept.

In spite of the pitfalls discussed above, the product portfolio matrix has been useful in forcing some managers to think about issues they might not have considered otherwise, and other managers to think about old problems in new ways. But the matrix is essentially a descriptive concept and not a prescriptive one. It can do no more than assist in strategic analysis.

Dr. Slatter is Lecturer in Business Policy at the London Business School, Sussex Place, London NW1 (tel. 262-5050). A longer exposition of his views will be published in the Winter edition of the School's Journal. The portfolio matrix concept was described in greater detail by Barry Hedley in Long Range Planning Journal for February 1977.



DEMYSTIFYING THE JARGON

● Stars grow rapidly and therefore use large amounts of cash, but because they are market leaders they also generate large amounts of cash. Market growth eventually slows down and stars become cash cows if they hold their market share, or dogs if they do not.

● Cash cows are products in mature markets where growth is slow and, hence, cash use is low. However, market share is high and therefore comparative cash generation is also high. Cash cows generate the net cash flow needed for investment in growth products and for payment of dividends.

● Dogs are low market share products with low growth prospects. They may show an accounting profit, but could be permanent cash users. They are unattractive businesses.

● Question marks have high cash needs because they are in growth markets, but their cash generation is very low because their market share is low. Question marks either require heavy cash investment to become stars before the market growth slows down, or they become dogs.

According to the concept, a firm can follow an "innovator strategy" by investing cash in research and new product development so that it is the first into a market and, therefore, starts off as a "star." Alternatively, the firm can adopt a follower strategy and start in the "question mark" box, hoping to capture market share from the innovator. The desired movement of products over time is shown in the diagram by the double line for the "innovator strategy," and by the dotted line for the "follower strategy."

EEC funds: a way through the Brussels maze

BY NICHOLAS LESLIE

IT IS a familiar request: "Applications for loans must be sent in triplicate . . ." Bureaucracy still reigns, particularly in respect of European Community grants and loans.

No less than 23 different *forms of such finance* are currently available (the number is constantly changing) for projects as diverse as the promotion of improved marketing and processing of agricultural and fish products, research into the re-cycling of municipal and industrial waste, and anti-poverty programmes.

Knowing what all these facilities are is one problem. Knowing the conditions under which they are made available and the means of applying for them is quite another. Which makes a new "Guide to European Community Grants and Loans" a timely publication.

The guide is claimed to be the first of its kind to offer detailed information on all sources of European Community funds. It gives a background description of each, an explanation of the purposes of each type of aid, and the criteria that govern eligibility.

It is, it must be said, not an easy read. In general, it reflects standard bureaucratic wordiness with no translation into simple English: "This Decision, which amends Decision 71/66/EEC, is the Decision under which the Fund currently operates" is simple stuff compared with some passages. But at least it is all there, and explanations and guidance are easier to follow.

The examples given of projects that have qualified for finance should give potential applicants a useful insight into whether they stand a chance of being funded.

The guide, prepared by Euro-information, specialists in European Community information, shows that in certain respects the British are already well off the mark in getting hold of Community funds.

A sizeable portion of funds from the European Coal and Steel Community—which are designed to help safeguard employment and encourage economic expansion in coal and steel producing regions—have made their way to the UK.

Of total loans of 4.84bn European Units of Account (about £2.9bn) granted between 1954 and 1977, 1.08bn EUAs (£660m) were granted to the UK. This was the second highest figure after West Germany, even though the UK is a relative newcomer to the Community.

The publishers plans to update the guide from time to time to cover both the introduction of new funds and any changes that are made in the rules covering existing ones.

A Guide to European Community Grants and Loans, published by Euroinformation, 20 Caldecote Road, Ickwell, near Biggleswade, Bedfordshire, price £9.50.

Business courses

A Practical Approach to Data Processing for the Non-Data Processing Executive. London. November 10-12. Fee: £345 (plus VAT). Details from AMR International, 6-10, Frederick Close, Stanhope Place, London W2 2HD.

International Finance Conference, Garmisch Partenkirchen, West Germany. November 12-14. Details from Management Centre Europe, avenue des Arts 4, B-104C Brussels, Belgium.

Introduction to Forecasting, London, November 17-20. Fee: £200. Details from Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX.

Planning for the Emerging Environment of the 80's. London. November 11. Fee: £105 (£90 for members of Society for Long Range Planning). Details from SLRP, 15, Belgrave Square, London SW1X 8PU.

Appraising your Performance Appraisal System. Uxbridge, Middlesex. November 3-5. Fee: £180. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH

The Employment Act 1980. Coventry. November 19. Fee £50. Details from School of Industrial and Business Studies, University of Warwick, Coventry, CV4 7AL

Export Techniques, Brighton. November 10-11. Fee: £130 (plus VAT). Details from Course Registrar, MSS Computer and Business Consultancy, MSS House, 54 Chapel Road, Worthing, West Sussex. BN11 1BE

Children and Young People: Marketing and Social Research, Vienna. November 5-7. Details from ESOMAR Central Secretariat, Wamberg 37, 1083 CW Amsterdam, The Netherlands

Information Technology '80, Monte Carlo. November 10-14. Details from Online Conferences, Argyle House, Northwood Hills, Middlesex HA6 1TS

LOMBARD

The battle over recent history

BY ANTHONY HARRIS

RECENT LEAKS from Whitehall continue to speak of indecision about the next steps in monetary control, and this is hardly surprising. It might be possible to settle the doctrinal arguments; but practical control means knowing where you are starting from, and this remains a mystery wrapped in an enigma. Some of the most important policy arguments are therefore disguised as arguments about recent history.

Natural hump?

Given that there actually was some kind of monetary explosion between February and August — and the only arguments now seem to be how big it was—a series of questions arise.

First, could it have been prevented by higher interest rates?

If it could would this have been the right thing to do, or was the "explosion" just a natural hump reflecting the onset of recession?

Finally, if it was such a hump, could any change in our institutions prevent such things occurring in the future?

The division is on much the lines you might expect. Those who argue that freeing interest rates would make monetary control effective are those who lean towards monetary base control — the people Tim Congdon recently identified as the successors to the nineteenth century currency school.

Side-effects

On the other hand the protectors of British Banking As We Know It—the successors to the old banking school—argue that volatile interest rates could not have done the job, quite apart from the disastrous side-effects. What we could now do is either to stop worrying about bulges, or try other methods of achieving smoother control, of which by far the most promising is somehow to make room in the long-term capital markets for the return of corporate borrowers.

At this point a sort of agreement emerges between the two sides: for one of the strongest arguments deployed by the monetary-baseites is that if the banks were firmly controlled as they propose corporate borrowers would be compelled to fund their debt in the capital market (and that this would be possible because under base control the Government can stay out of the long-term market). Look, after all, at what happened to U.S. corporate bond issues when Mr. Volcker got busy.

As usual, the argument is confusing because both sides are talking some sense and some nonsense.

First, under the present system a high level of interest rates will initially drive up the money supply, not down, as interest payments are debited and credited. The banking school is right here.

However, altering the *slope* of interest rates is a very different matter. What Mr. Volcker achieved was a huge gap between long-term and much higher short-term rates. This is what base control is about, and the effect is much more powerful than an issue of Granny Bonds.

New game

Both sides are right in arguing that corporate funding, not just Government funding, is essential.

The reason that this truth has only recently dawned in Britain is that we have only recently tried to impose a limit to monetary growth well below the expected private demand for credit. This is a new game.

But both sides are wrong in another respect. Why is nobody talking about fiscal policy? The simplest method of getting the Government out of the capital market is not to sell assets—which mops up the same funds—or to invent new forms of national savings, but to cut borrowing.

Indeed, next time Professor Karl Brunner is talking to Mrs. Thatcher, he might mention this point. Monetary base control is one feature of the Swiss system which differs from our own. Another, which is hardly trivial, is that the Government doesn't borrow.

The last turbine

BY RAYMOND SNODDY

AROUND BRITAIN

LARNE

ON A clear day Mr. Raymond Harrison can look out of his office window across the Irish Sea to the Mull of Kintyre. But it is more likely that his mind will be on the cost of shipping his raw materials — steel plate and heater tubes — and the remoteness from headquarters in Rugby, rather than on the beauty of the view.

For Mr. Harrison is the general manager of GEC Turbine Generators' plant at Larne in Co. Antrim, a factory built in the early 1950s when there was a shortage of world generator capacity which now has to survive when there is a world surplus.

The workforce have produced around 70 turbines for power stations from Buenos Aires, Beirut and Hong Kong to Ballylumford on the other side of Larne harbour.

But now GEC Larne has probably produced its last turbines—for the new power station at Kilroot by the side of Belfast Lough. Ironically the last two of the station's four turbines will be put in mothballs because of surplus generating capacity in Northern Ireland.

As part of a GEC rationalisation Larne which used to produce the complete power station package will in future concentrate on reheaters and condensers with turbines being produced at the GEC plants at Rugby and Trafford Park, Manchester.

The turbine blading shop at Larne has been closed down. Mr. Harrison appreciates the fact that there is some frustration that the factory will be specialising on work many see as less skilled. "A job is a job however," he says.

The change has renewed endemic fears in the town for the future of the plant. Although its workforce is down from a peak of 1,500 to about 1,000 it is the largest employer in the area with an annual wage bill of £5.5m.

One of Mr. Harrison's most monotonous tasks is having to scotch rumours, almost on a daily basis, that GEC plans to stop production. "We have spent around £2m on new equipment this year. That is not the action of a company planning to pull out," he says. In fact there are orders to keep the present workforce occupied for another year and hopes are high that the plant will also get the reheaters and condensers contract for the Torness nuclear power station in Scotland which should safeguard jobs until 1983.

The factory's achievements include a place in the Guinness Book of Records for the heaviest load ever moved on a public road in the UK. When the 400 ton reheater for a nuclear power station at San Onofre, southern California, inched its way to Belfast docks there was a holiday atmosphere in the town and they had to take down telephone wires to let it pass.

The workforce, in what is an intensely "Loyalist" town—the constituency of the Rev. Ian Paisley—has other achievements to its name. The worst strike at the plant was not over pay or conditions but part of the successful campaign to torpedo the power sharing executive of Mr. Brian Faulkner. Even now there are tiny Union Jacks on the top of sophisticated drilling equipment at the plant.

The possibility of GEC closing is a "nightmare" for Ald. Roy Beggs, the Mayor of Larne. "I don't think Larne could easily recover from a disaster of the magnitude of GEC departing. However we appreciate very deeply how thoughtful and sensitive to the social needs of Larne Sir Arnold (now Lord) Weinstock (GEC managing director) has been."

Record load: 400-ton reheater on its way to California from Larne

The fears are underlined by an unemployment rate of around 13 per cent and the fact that two large companies, Pye and Standard Cables, have pulled out in the past leaving heavy redundancies. A Courtaulds plant also closed this year and Blue Circle cement announced 100 redundancies. To try to reduce unemployment, and the town's dependence on a single employer, Ald. Beggs is planning a drive to encourage former Larne people who have been successful in business in other parts of the world to consider investing in the town.

To Larne companies, the long-established North of Ireland Paper Mill Company, and a new English company, Pharmaceutex, soon to begin production of sterile fluids, will share in £650,000 EEC aid.

Another future prospect is the recent announcement that the Government will spend £2.13m on a geothermal energy project. A potential source of geothermal heat was found during mineral exploration and drilling will now be carried out

But perhaps the town's greatest asset in the drive for new jobs is the port, owned, like Felixstowe, by European Ferries. Larne to Cairnryan, operated by Townsend-Thoresen is the shortest Irish Sea crossing and Sealink's services to Stranraer are only a little further up Lough Ryan.

The port is the busiest roll-on roll-off port in Northern Ireland and last year handled a record 3m tonnes of cargo. Four of the seven quays have roll-on roll-off ramps, two of them twin-level—the first in Ireland. An estimated 15-20 per cent of the business comes from the Irish Republic, partly because of the traditionally heavy traffic between Donegal and Scotland, but increasingly because of the trade in live cattle from the west of Ireland. Although more than 1,230,000 people used the port last year now the tourists are mostly people from Northern Ireland going elsewhere for their holidays.

Storm Bird faces formidable task

RACING

BY DOMINIC WIGAN

SIX—the same number as a year ago — contest to-day's William Hill Dewhurst Stakes over the Rowley Mile course and, as 12 months ago, Vincent O'Brien's Cashel stable is racing the favourite.

This time the even-money chance, Storm Bird, unbeaten in four runs carries plenty of Irish confidence and there is no doubt that his connections will come away disappointed if he fails to maintain the sequence. He may well win again, but the fact remains that to-day's group one event see him facing by far his most formidable task to date. In To-Agori-Mou and Centurius Pat Eddery's amout comes up against two home-trained colts with strong claims for consideration.

Storm Bird hardly represents betting "value". To-Agori-Mou, rated by Guy Harwood "a better two-year-old at this stage of his career than Ela-Mana-Mou and some way ahead of his stable's Grand Criterium hero, Recitation, has been improving steadily all summer. Although his recent success over Bold Raider in the Intercraft Solario Stakes at Sandown was not achieved in spectacular style it was otherwise difficult to fault. Given a lead in the early stages by Chirk Castle, To-Agori-Mou quickened into the lead inside the home straight before going away to score from Bold Raider.

To-Agori-Mou will be even better served by today's stiff course and easier surface than he encountered at Sandown and may well surprise the favourite. Centurius, a full brother to Grundy and a colt of immense scope, is likely to need more time before showing his true worth.

Mrs. Dick Hern has a beautifully-bred filly in Figurehead and I am hopeful that this bay by Seaepic out of the high class No Saint can greatly enhance her paddock value with a win in the Boadicea Stakes.

The Tote, so often the front runners when it comes to a new ante-post book, are already advertising prices on the major Cheltenham championships. The comparative novice, Venture to Cognac, heads their markets on the Tote Cheltenham Gold Cup at 10-1, while Sea Pigeon occupies the same position at 5-1 for the Waterford Crystal Champion Hurdle. The Tote report little interest in the Gold Cup but have laid Heighlin to "good money" in the Champion Hurdle.

NEWMARKET

2.00—Rio Deva
2.30—Varuna
3.00—Master Golfer
3.30—To-Agori-Mou**
4.05—Julip*
4.35—Figurehead***

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 See-Saw. 2.02 For Schools, Colleges. 3.25 Ddeng Mlynedd yn ol-Neu Fwy Ten Years Ago-or More. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Heyyy, It's the King. 4.50 Crackerjack. 5.35 The Amazing Adventures of Morph.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It Ain't Half Hot Mum.
7.30 The Dawson Watch.
8.00 Starsky and Hutch.
8.50 Points of View.
9.00 News.
9.25 To Serve Them All My Days.
10.20 On The Town (London and South East only).
10.50 News Headlines.
10.55 Late Film "The Fixer," starring Alan Bates.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales — 1.45-2.02 pm Cath Drwy'r Siop. 2.02-2.22 I Ysgolion. Hwnt ac Yma. 4.40 Screen Test. 5.05-5.35 Teliffant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Prydain Fechan. 7.55 Angels. 8.20-8.50 The Dawson Watch. 10.20 Week In —Week Out with Vincent Kane. 11.10 News for Wales. †11.11-12.47 am Festival of Welsh Films —"Blue Scar," starring Emrys Jones.

Scotland — 11.00-11.20 For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.20 Mod '80. 10.50-10.55 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20 The Picture in Question. 10.50-10.55 News for Northern Ireland. 1.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.20-10.50 pm East (Norwich) — Week-End; Midlands (Birmingham)—Through the Eyes of Mr. To; North (Leeds)—Our Northern Economy; North East (Newcastle)—Coast to Coast; North West (Manchester) — "Cousin Phillis," by Mrs. Gaskell; South (Southampton)—"When One Drink's Too Many"; South West (Plymouth)—Newswatch; West (Bristol)—RPM Rock.

BBC 2

6.40-7.30 am Open University.
11.00 Play School.
5.40 Open University.
6.55 Speak for Yourself.
7.20 Mid-Evening News.
7.35 Gardeners' World.
8.00 Boxcar Willie Sings Country.
8.25 Newsweek—Off the Rails?
9.00 Escape.
9.50 A Change of Sex.
10.45 Newsnight.
11.30 Friday Night . . . Saturday Morning with Tim Rice.

LONDON

9.30 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 The English Garden. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 After Noon Plus. 2.25 Racing from Newmarket. 3.45 Father, Dear Father. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 Vegas.
8.30 Holding The Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 The London Programme: Sterilisation.
11.35 Side Street.
12.30 am Close: Personal choice with Lord Denning.

All IBA Regions as London, except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 3.45 The Electric Theatre Show. 6.00 About Anglia. 7.30 The Incredible Hulk. 10.30 7 Days Special 11.00 Soap. 11.30 Friday Late Film: "Day of the Wolves" (TV Movie). 1.10 am Reflection.

ATV

1.20 pm ATV News. 3.45 Stars On Ice 5.15 Diff'rent Strokes. 6.00 ATV Today. 7.30 The Incredible Hulk. 10.30 ATV News. 10.35 The Charles Bronson Star Movie: "Once Upon A Time In The West."

BORDER

1.20 pm Border News. 3.45 Stars On Ice. 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Superstar Profile. 7.30 A Man Called Sloane. 10.30 Railway City. 11.00 Late Film: "Image of Death." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 3.45 Stars On Ice 6.00 Channel Report. 6.30 What's On Where. 6.35 Encore 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.35 Village Action 11.05 TV Movie Premiere: "Castle Of Evil." 12.30 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 3.45 Wild. Wild World of Animals. 6.00 North Tonight—including Sports call. 7.30 The Incredible Hulk. 10.30 Points North. 11.30 Reflections. 11.35 Annas-Leimhe Nam Bard. 12.05 am Superstar Profile. 12.35 North Headlines and Road Report.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 3.45 Stars On Ice. 5.15 Mr. and Mrs 6.00 Granada Reports. 6.30 Kick Off. 7.30 The Incredible Hulk. 10.30 A Week On Friday 11.00 Soap. 11.30 The Continental: "The Slightly Pregnant Man" starring Catherine Deneuve.

HTV

1.20 pm HTV News. 2.00 Houseparty. 3.45 George Hamilton IV. 5.15 Mork and Mindy. 6.00 Report West 6.30 V/KRP in Cincinnati 7.30 Tenspeed and Brown Shoe 10.28 HTV News. 10.35 Report Extra 11.05 Benson 11.35 Doctor's Private Lives.

HTV/Cymru/Wales—As HTV West except. 9.35-9.50 am Am Gymru. 12.00-12.10 pm Fialabalam. 4.15 Y Dwrgi Ar Drai. 4.45 Clapperboard 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News and Road and Weather. 3.45 Call It Macaroni. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 Night For The Screamish: "Murders In The Rue Morgue."

SOUTHERN

1.20 pm Southern News 2.00 Houseparty. 3.45 The Electric Theatre Show. 5.15 Mr and Mrs. 6.00 Day By Day 6.00 Scene South East (South East Area only). 6.30 Out Of Town 7.30 The Incredible Hulk. 10.35 Bury My Heart At Sopley 11.05 Benson. 11.35 Continental Showcase: "Poitin" starring Cyril Cusack.

TYNE TEES

9.20 am The Good Word 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 The Wild. Wild World Of Animals. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 The Incredible Hulk. 10.30 North East News. 10.32 Friday Live. 12.00 Johnny Owen—His Greatest Fights. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 3.45 The Adventures Of Sir Edmund Hilary. 4.13 Ulster News. 5.15 Happy Days 6.00 Good Evening Ulster 7.30 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sports Cast. 11.05 Police Surgeon. 11.35 The Euro Connection. 12.05 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Stars On Ice. 5.15 Emmerdale Farm 6.00 Westward Diary. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.35 Village Action. 11.05 TV Movie Premiere: "Castle Of Evil." 12.35 am Faith For Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Stars On Ice. 5.15 Against The Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Incredible Hulk 10.30 Soap 11.00 The Friday Night Film: "Happy Birthday Wanda June."

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1: 1973. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Newmarket. 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S) 8.02 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Keep It Maclean. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer (S). 10.00 Guadagnini String Quartet (S). 10.55 Messiaen song-cycle (S). 11.50 Bournemouth Symphony Orchestra Concert, part 1 (S). 1.00 pm News. 1.05 Bournemouth SO concert, part 2 (S) 1.45 Comparing Notes (S). 2.45 Tippett piano recital (S). 3.35 Mendelssohn (S). 4.10 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Sibelius (S). 7.15 One Pair of Ears. 7.30 Gabrieli String Quartet, part 1 (S). Gabrieli String Quartet recital, part 2 8.10 The Archbishop's Hat. 8.30 (S). 9.10 The Festival Scene: Bernard Levin reports from Barcelona. 9.30 Music In Our Time from Belfast. 10.30 Strauss, Zweig and the Nazis. 11.00 News. 11.05-11.15 Delius (S).

VHF Only—12.00-12.20 am Open University for students in Radio Scotland and Radio Cymru areas only.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament 8.45 People in The Blitz. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Story Time. 11.00 News 11.05 Nature's Own Contraceptive—investigation into the theory that breastfeeding prevents pregnancies. 11.50 Natural Selection. 12.00 News. 12.02 The Queen Meets the Pope. 12.27 The Senior Partner. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 In My Young Days . . . 4.15 Alternative Medicine. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping forecast 5.55 Weather, programme news 6.00 News. 6.30 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S) 8.10 Profile: Malcolm Muggeridge. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope 9.59 Weather 10.00 The World Tonight: News. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Letter from Tuscany. 11.45 The Archive Auction. 12.00 News

BBC Radio London

5.00 am As Radio 2 6.30 Rush Hour 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 The Hitler Years. 8.30-5.00 am Join Radio 2.

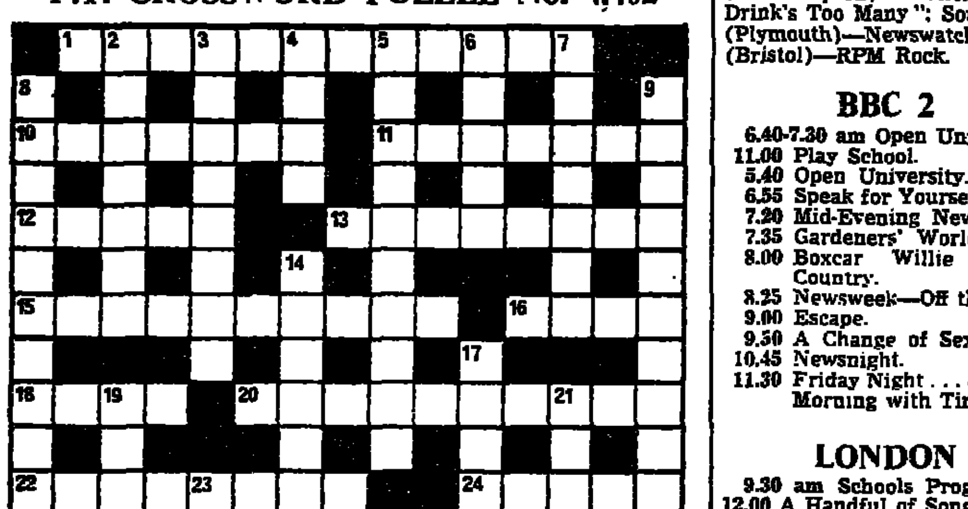
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes 12.00 LBC Reports 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene, continued. 3.00 Roger Scott (S). 7.00 London Tonight (S). 9.00 "Chains" with Nicky Horne (S). 11.00 The Best Disco in Town with Greg Edwards (S) 12.00 After Midnight (S).

F.T. CROSSWORD PUZZLE No. 4,402



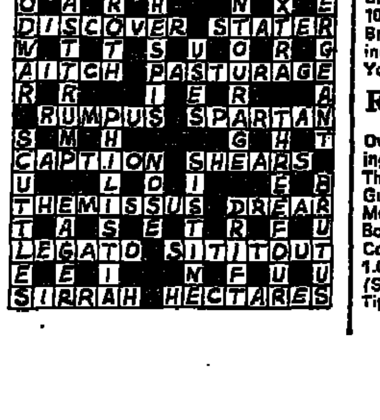
ACROSS

1 Near exhausted by chip for instance (8, 4)
10 Like a beast expecting market to fall (7)
11 Soldiers practice in coach again (7)
12 6 part-time soldiers left alive (5)
13 Derisive point old jokes complete they say (8)
15 Tell the press to print agenda (5, 5)
16 Mark beheading Wilde (4)
18 Every airman is in? Eh? (4)
20 Blue pencil promises to pay for fault-finding (10)
22 Man maybe had to shilly-shally (3, 3, 2)
24 Abuse never employed by Thatcher (5)
26 Two mornings lag inside varied mixture (7)
27 Spoil vote—one way to become a revolutionary (7)
28 Bound to get places for putting vegetables (6, 6)

DOWN

2 Scheme Kennedy put in ground (7)
3 Train enthusiasm on banter (8)
4 Current male in discomfort (4)
5 Tough luck taking firm to Lancashire (4, 6)
6 Earth-shaking person detesting (5)
7 Dealing in cars (7)
8 Beyond comprehension aloft (5, 4, 4)
9 As a whole good wishes go completely (2, 3, 8)
14 Chance mute has to become a Christian trainee (10)
17 Exclusive territory put before minister (8)
19 Scope of direction finder (7)
21 Eggs transformed into cheers (7)
23 Troublesome reign in Africa (5)
25 Over-satisfied with quarter face (4)

Solution to Puzzle No. 4,401



ENTERTAINMENT GUIDE

OPERA AND BALLET

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AMBASSADORS. S. CC. 836 1171. Evgs at 8.00. Mats. Sats at 4.00. Donald Swann & Frank Topping in SWAN WITH TOPPING. Seats £2.50. £3.50. £4.50. £5.50.

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LYRIC HAMMERSMITH. CC 01-741 2311 Evgs. 7.30. Thur. Mat 2.30. Sat. 4.30 & 8.15. THE WILD DUCK, Ibsen, a new translation by Ronald Hingley, director Michael Blakemore. With Richard Briers & Nerys Hughes ". . . a beautifully detailed production . . ." Gdn. Book Now! LYRIC STUDIO: Evgs. 8.0. THE POTSDAM QUARTET. David Pinner's new comedy director David Giles Book Now! Today 1.15 pm THE GALWAY GIRL by Geraldine Aron.

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Desert island frisks

by NIGEL ANDREWS

The Blue Lagoon (AA). Odeon, Leicester Square.
The Hunter (AA). Plaza and Classic, Oxford Street.
Special Treatment (AA). Gate, Notting Hill.
Nela, The story of a Painter (A). Academy 3.

Desert islands: where would we be without them? Ever and anon, overburdened by baroque, the cinema goes back to basics. The *tabula rasa* sweetness of island Edens beckons movie-makers and movie-goers stupefied by disasters and disco-stomp and deaf with the drumming of Dolby.

But some desert islands are better than others. Swimming gauchely in the wake of *The Black Stallion* and *The Last Flight of Noah's Ark*, *The Blue Lagoon* is as curious and abortive a slice of let's-get-away-from-it-all Utopianism as the recent trend has produced. H. de Vere Stacpoole's 1900's novel about two young castaway cousins who grow up together on a jungle isle, thereby enjoying their very own Teach Yourself course in Life and Love, was filmed once before—very British and please-adjust-your-loincloth with Jean Simmons and Donald Houston. Now it resurfaces, after three sea-changing decades of permissiveness, as a heady helping of fronded, filigree quasi-pronography.

Not. Heaven forfend, that you couldn't take Aunt Edna to it. The visual *divertimentos* are mostly above-the-waist and full nudity is reserved chiefly for the underwater sequences. The erotic quotient is in the movie's endless teasy, sun-sweet circling around the looming spectre of Sex. When will our pubescent hero and heroine learn what the birds and the bees are all about and when will they suit the action to the lesson. . . ?

In this film, you must possess your soul in patience. A longish shipwreck prelude, "some years before," shows the pre-teen cousins washed to shore in company with bibulous ship's cook Leo McKern, with whom they build a hut and learn the rudiments of survival before their jovial guardian quaffs one rum too many and pegs out on a neighbouring atoll. (Not, for those who can have too much of McKern's *basso jocoso*, a moment too soon.) Then Abracadabra! One underwater time-lapse later, they've grown up into two bronzed and strapping sylphs, Brooke Shields (of *Pretty Baby*) and Christopher Atkins.

Thereafter a prodigal amount of story-padding — restless natives tomtom-ing on the other side of the isle, a passing ship, a threatening shark—fluffs out to feature-length what is really no more than an obsessively tiptoeing little exercise in dawn-of-consciousness eroticism. And even its own sexual logic the film cannot get quite right. Though the island is clearly purpose-packaged as a sexual Heaven shorn of Victorian taboos, the film cannot shake off flapping tatters of original sin—or at least original shame—that wind around its head, so that scenes of ludicrous but at least logical naivety alternate with scenes of apparently unmotivated guilt. Atkins, catching Miss Shields one day ogling his biceps, asks her with perplexity if she's feeling well. Yet a scene or two later this godly young innocent is running off to some concealed rocks for a quick, furtive bout of auto-erotism.

At last, after much similar switchbacking between pre- and post-lapsarian postures, the movie allows the two to realise their untutored passion, to bear a child and finally to be rescued. It's a giddily silly film, photographed in florid blues and greens and swoony skin-tones by Nestor Almendros (of *Days of Heaven*) and directed by Randal Kleiser (of *Grease*) with all the po-faced reverence reserved for a modern Garden of Eden fable. Teenybopper porn, in short, with postcard landscapes and fundamentalist pretensions.

*

The Hunter, by contrast, is a stirring, stumping, thick-eared action film, a citified Western with Steve McQueen as a modern-day bounty-hunter giving chase to bail-jumpers across the States. For those complaining that McQueen, wigged in Ibsen and equestrian in *Tom Horn*, has been too long absent from the driving-seat of an automobile—it was *Bullitt*, after all, that helped carve his name among the immortals—here is compensation. There is hardly a car in the Midwest that McQueen doesn't subject to grievous bodily harm in *The Hunter*, from the big bouncing turtle of a Chevrolet that he religiously mis-drives and mis-parks to the hired black sports-car that he swiftly shreds by running it under a combine-harvester. (All, you must understand, in the name of duty.)

It's firework-display filming that leaves subtleties of mood and characterisation prone and charred in its wake. (Of scenery also: the window-view in Sheriff Ben Johnson's top-floor office is a tuppence-coloured backdrop in which not even the smoke from the sky-scraper opposite moves). But never mind: though assembly-line it's also alert and agile, and by its neat modernisation of that once exclusively frontier icon, the bounty-hunter, further proof that the Western as action-movie is being slowly and staunchly made over by the cops-and-robbers film.

*

"Wagner's music, apples, exercise and psychodrama." The next time your hand twitches towards the vodka late of an evening, or even early of a morning, consider the cure commended by Dr. Ilich (Ljuba Tadic). Dr. I. works at a clinic deep in Yugoslavia where alcoholic patients are dried out by a regimen of the items cited *ci-devant*. So when temptation next strikes, turn on "The Ride of the Valkyries," eat an apple and dance round the room flapping your arms like a bird-in-flight. That's what Dr. Ilich recommends. Then, if you choose, you can sue him for malpractice.

Goran Paskaljevic's *Special Treatment* is a solemnly comical allegory about something-or-other: Fascism, I would guess, or even Communism, or maybe totalitarianism in general. It comes in that category of films mentally filed under Good Ideas, lustreless treatment. The story of a despotic doctor, sallow-eyed and bearded like Mephistopheles, who leads his liquor-starved patients along a road to Salvation paved with Hellish teasing and depravation, seems to be semaphoring its parable properties to us from the start. But the story and the symbols are never lively enough to coax an answering effort.

Occasionally, like a rogue bubble in flat champagne, Paskaljevic urges a good scene or piquant moment to the surface: an old man's attempt to sabotage the teetotalling apples with injections of vodka, a runaway patient falling from a brewery window into the giant tumbler of beer that stands below as the factory's monumental logo. But there's a sanctimonious obviousness in the movie's long-runing antiphony between martinet doctor and skylarking patients, and even, if the message is a commendable dig at Totalitarianism it's too dry, too pedagogic and finally too ambiguously delivered.

*

Nela, The Story of a Painter is scarcely a film at all: more a lantern-slide lecture in which the eponymous Nela's beautiful paintings, primal, naive, Klee-like, pass before us interspersed with family snaps and home-movie sequences from her own brief life.

Nela died of leukemia at the age of 22 and her film-maker father, Hans Conrad Fischer, made this paste-and-scissors but rather touching movie-tribute. The worst thing about it is the commentary, busily courting Pseud's Corner with its alternation between portentous paradox ("She loved company, and fled it") and circumlocuting banality ("She was what is called a beautiful child"). The best thing is the paintings and the film-maker's own evident love for them. Fischer's camera roams and pans over these gorgeous, rainbow-hued hieroglyphs with a critic's fascination and a father's love, and he infects us fully with his own enthusiasm.

Brooke Shields with baby and Christopher Atkins

Leonard Burt

Joan Plowright, Colin Blakely and Liz Smith

Vaudeville

Enjoy

by B. A. YOUNG

No doubt about it, social service really has earned itself a bad name in spite of its good intentions. How else can you account for the fact that "do-gooder" has become a term of abuse, like "mother" in the United States? How else account for Alan Bennett's writing a comedy devoted to the mockery of those who build new homes for the aged poor, who clear unsightly areas, who preserve old houses, who minister to sexual eccentricities, who, in short, care?

Mr. Bennett doesn't give us an answer to take home with us. The old house in which crippled Wilfred Craven and amnesiac Connie Craven spend the evening of their days seems tolerably comfortable as far as we can tell from Douglas Heap's design for its "front room." But the proposal to move them into the new flats nearby is unwelcome, and the bulldozers poised to destroy the old houses are unwelcome too. The social worker sent by the council to assess the Cravens' way of life is a man dressed as a woman, and it's not hard to identify him with the Cravens' missing gay son, though his parents seem to find it oddly difficult to recognise him.

Most of the first act is spent watching this curious functionary as he sits silent with a pad on his knee making notes on their behaviour. To add colour to what seems to me a pretty grey landscape, the Cravens' daughter Linda comes to pack her cases for Saudi Arabia, where she is going to marry a prince, an event that the social worker observes without comment. Only when his relations have left the stage does he reveal who he is, and this only obliquely, by cataloguing the details of what he knows about the house.

The next act is more eventful but equally grey. A skinhead comes in to force his dirty books on Wilfred, and by sportively tapping him on the steel plate over his skull appears to kill him, thus opening the way for some more discussion of social service. The skinhead is accompanied by another silent, note-taking do-gooder. So is Mrs. Clegg, the neighbour who comes to help lay out the body. Ultimately the house is invaded by a whole flock of social workers, who set to work dismantling the house and re-erecting it in a suburban park. There Connie is to live out her forgetful life while Wilfred (only paralysed after all) tries to recover in hospital. Linda goes back to her real work as a tart and the social workers, no doubt, take endless notes.

I suppose it's possible I may have misunderstood Mr. Bennett. It may be that he is not himself disparaging social service, but showing us how it is misunderstood by the people it is meant to benefit. As I see it, those two ideas come to much the same thing. Mr. Bennett at any rate doesn't seem to have any relief to offer, and apart from the rather condescending jokes with which he bejewels his script ("Linda is quite at home in hotels, she can choose from a menu without turning a hair") I didn't feel a point of any kind, let alone of any importance, being made.

But at least we have a jolly performance from Joan Plowright as Connie, a courageous performance from Colin Blakely as Wilfred, a busty appearance by Susan Littler as Linda and an embarrassed one by Philip Sayer as Ms. Craig, the name taken by the Cravens' son after his sex change (if he had a sex-change, I wasn't sure). The infallible Ronald Eyre is the director.

Festival Hall/Radio 3

Anniversary season

by DOMINIC GILL

To open their 50th-anniversary season—the actual birthday of the first full public concert at Queen's Hall in 1930 falls on October 22—the BBC Symphony Orchestra gave a programme on Wednesday night under Gennadi Rozhdestvensky divided (with not unpredictable aptness) between Russia and England.

They began with a pair more of Rozhdestvensky's Russian *trouvailles*—*Dreams* op. 6 and *The White Swan* op. 7 of Prokofiev: short student essays for orchestra and female chorus and orchestra respectively, done while the composer was still in his late teens at the St. Petersburg Conservatory. Neither was specially remarkable: the *Swan*, a setting of Balmont, charmingly rounded, was shorter and better. Victoria Postnikova, the soloist next in Prokofiev's second piano concerto, took a little while to get into her stride. Her grip of the first two movements was fluent and well-formed—but a shade featureless; she was uneasy in the huge cadenza of the andantino: her scherzo had no kind of savage glint. Later, there were some passing beautiful things—one remembers some darkly brooding turns of phrase in the finale—more pungent, more vividly characterised, to compensate for lack of strident colour and weight at climaxes.

The concert's second half was devoted to Michael Tippett's *A Child of our Time*. It all sounds so fine and cogent as David Matthews describes it in an especially elegant and lucid essay in our programme. And how stirring the idea is!—an Oratorio of our time, a Passion on a contemporary but timeless theme, clothing in modern dress all the characteristic musical forms of the traditional Passion: recitative, aria, chorus and congregational hymn; a grappling in words and music with one of the great knots (and tragedies) of history.

And how beautifully it begins: an orchestral proem, gradually joined by voices, first low, then high, a twilight snowscape. The voices murmur, then grow distinct (no matter that Tippett's text is like a New Statesman competition for meaningless, but impressive-sounding, proverbs). Colours brighten; unfocused strands appear to take on meaning and direction: the canvas broadens, full of promise. But as the minutes pass—and there are more than 60 of them—the truth emerges: the intention and the plan may be magnificent, but there is not anywhere substance, hard sinew, or cutting edge enough in either words or music to carry the work more than a fraction of the way towards its goal. What starts out so fine becomes only radiantly well-meaning, irreducibly gauche, failing at every single vital point to reach the heart of the matter, floundering in Spirituals, and foundering finally in its own sweet spiritual froth.

The measured, leisurely, lyrical impulse with which Rozhdestvensky underpinned the whole of the performance made some of the more lively and passionate music sound a little bland. But perhaps, on balance, more benefit was gained from such (not authentically Tippettian) smoothness: if not to narrow, at least to distract from, the gulf, so often yawning, between design and achievement. The BBC Symphony Chorus sang willingly and well; Gomez, Watts, Woollam and Shirley-Quirk were the decent soloists—Miss Gomez in particular managed to catch in the timbre of her high descants (if timbre alone could define the essence) the very quintessence of kitsch.

Guildhall School

A Dinner Engagement

by ELIZABETH FORBES

The Music and Drama department of the Guildhall School are combining this week, in a joint entertainment. First on the bill is Lennox Berkeley's one act opera, *A Dinner Engagement*. The score remains fresh after more than 25 years, but Paul Dehn's libretto, technically brilliant, has dated in an embarrassing way to anyone who remembers the real austerities of the early '50s. As none of the Guildhall cast was presumably born at the time of the work's first production, none of them is inhibited from treating the text as period dialogue.

In the splendid kitchen set designed by Humphrey Jaeger, producer Johanna Peters treats the fairy tale centre of the piece, the bethrothal of the Dunmow's daughter Susan to Prince Philippe, son of the Grand Duchess of Monte Blanco, quite seriously, while taking what might be called its social relevance as a joke.

The many ensembles are the opera's chief musical delights and Miss Peters produces these—in one instance choreographs would be a more suitable word—most skilfully.

Paul Parfitt remembers Lord Dunmow's former glories with gentle nostalgia. Christine Bunning gives Lady Dunmow a frantic nervous energy, amusingly contrasted with Jenny Biller's statuesque calm as the Grand Duchess. Linda de Pauw and Gabriel Sadeh as Susan and Philipe make the most of their Cowardesque love duet about pickled walnuts and bottled cherries. Marcia Swanston is as convincing a Mrs. Kneebone as ever devoured the Sunday Pictorial, while Ian Smith's bead-bedecked Errand Boy remains well in the picture. Vilem Tausky conducts the student orchestra with customary discretion.

After the interval, two of the short plays from *Tonight at 8.30*, directed by Patrick Tucker, demonstrate that vintage Noel Coward does not date at all. In *Ways And Means* Stella and Toby Cartwright are just as broke as the Dunmows but more resourceful about it and a great deal funnier. Cillian Abineri and Gary Cady tackle the highly-mannered idiom bravely, but one needs Wagnerian breath control to speak Coward dialogue with real conviction, and they may be forgiven for running out of steam now and then.

In *Red Peppers*, Sallyanne Law and William Haden as George and Lily Pepper shout, quarrel, sing and dance with tremendous attack, putting over the two music-hall numbers that frame the central scene in the sleazy dressing room—Mr. Jaeger's revolving set is a winner — like seasoned professionals.

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Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½ %
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	†16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14½%.
† 7 day deposits on sums of £10,000 and under 14%, up to £50,000 14½%, and over £50,000 14¾%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

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Money in its real context

THE PRESENT Government has chosen to put control of the money supply at the centre of its economic strategy, and during recent months that control has very visibly failed to achieve its objectives, in the short term at any rate. It is not surprising, then, that both the Chancellor and the Governor adopted a philosophical and somewhat defensive tone in their annual report to the financial community at the Mansion House last night. They both, however, allowed themselves some optimism about future trends. Perhaps more encouraging, they both suggested that some important lessons have been learned from recent troubles.

Public sector

There was certainly no sign that anyone in authority believed that there is some magic system of monetary control which will cure the ills of the real economy — the kind of thinking that may in the past have led the Government to hope that its monetary resolve would somehow cancel out the consequences of granting 25 per cent pay increases in the public sector. On the contrary, the Chancellor devoted some time to the challenge of managing the public sector effectively — controlling costs, imposing wage settlements which reflect economic realities, and finding ways to ensure that publicly owned industries do not assert their monopoly position at the expense of the rest of the economy.

If success can be achieved in these aims, it is likely to do far more to restore monetary control than any purely technical change. As the Governor put it in two key sentences: "The task is made easier or more difficult, and its pain lighter or heavier, by the extent to which the actions of economic agents in society—government and public authorities and corporations, employers and wage earners—are consonant with the guidelines. . . . It is of course possible to imagine a tighter and more continuous control of the creation of money achieved on a more continuous and shorter-term basis; temporary pressures and distortions would then be turned back more abruptly on the real economy instead of being reflected in temporary variations in monetary growth."

Both the Governor and the Chancellor appear to be fairly confident that the recent surge in monetary growth is largely a result of "temporary pressures and distortions." The sharp rise in public sector borrowing during the summer, and the simultaneous peak in distress borrowing by companies were virtually bound to come through in the money figures; both forms of credit demand are now seen to be abating, so it may be all right on the night. There is no need to question this encouraging diagnosis. If the Chancellor's hopes of an "autumn of understanding" on the wage front are also justified, our prospects could improve very rapidly.

However, relative optimism about the future does not justify any complacency about the recent past: even if the Government's anti-inflationary objectives are proved in the end to have been achieved, the real cost in output and employment has been heavy.

It could have been lower. The Governor's implied reproach to the Government for failing to adopt a fiscal policy consonant with its monetary objectives is deserved. Excessive Government credit demand has made the peak in both interest rates and the exchange rate higher than it need have been, at a time when, as the Chancellor pointed out, the rise in North Sea oil production already imposes a pace of change which he mildly called "disconcerting." Equally, the recent discovery that funding outside the main financial markets might help to make restraint less disruptive has been made rather late in the day; earlier action here might have avoided a summer in which money raised to fund Government borrowing has had to be recycled to the banking system, provoking confusion and mistrust.

Time lag

In other words, even under existing methods some temporary pressures and distortions have been turned back pretty abruptly on the real economy. If cotrol is now to become tighter, it is more essential than ever that the lessons about the conduct of the real economy, and especially the two-fifths of it directly controlled by central and local government, should be learned in good time. The great merit of monetary policy is that it shortens the time lag between cause and effect; but when policies are mistaken, that it also its great therat.

Non-alignment Indian style

MRS. INDIRA GANDHI is a politician of parts. The Indian Prime Minister has a talent for living dangerously. She knows how to get away with playing both ends against the middle. These talents have been exercised to the full since the Soviet Union invaded Afghanistan. To begin with India reacted with understanding: subsequently it described the invasion as "inadmissible." But in practice India has given priority to its Treaty of Friendship with the Soviet Union, concluded in 1971.

That was the year of the last Indo-Pakistan war, when the U.S. placed an embargo on arms deliveries to India. Mrs. Gandhi concluded that Washington was unreliable. Moreover, she appears to be convinced that the Soviet Union has the advantage in the great power game played in her region of Asia. There is no reason to suppose that she has changed her basic assumptions, even though the Americans have lately made two moves which they at least regard as concessions to India. They have sanctioned the delivery of two batches of lightly enriched uranium for Indian reactors, and have concluded a \$340m arms deal. Uranium deliveries had been suspended when India exploded a nuclear device. Permission is still outstanding for the delivery of a third batch.

Obligation

To Indian eyes the uranium deal may appear in a slightly different light. New Delhi argues that the U.S. is under a contractual obligation to supply the uranium. As regards the arms, Indian soldiers want diversified sources of supply for security reasons. But before reading too much into that it is as well to know that both the arms deal and the resumption of uranium shipments go back to initiatives taken not by Mrs. Gandhi, but by the Janata Government of 1977-80.

There are other sources of irritation between India and the U.S. For instance, India is not satisfied with the roughly £100m of aid which it receives annually from the U.S. A comparable figure for Soviet aid does not exist. Soviet practice has been to offer India soft terms for its purchases of Soviet goods, with a transparent political motive.

The most recent events provide an illuminating example. India has been hard hit by the loss of oil supplies from warring Iran and Iraq. A request to Moscow to fill the gap went unheeded. Instead, Moscow offered a long-term deal to swap Russian oil for Indian grain. The offer makes commercial sense, especially against the background of Soviet commercial practice. But it would also tie India more closely to the Soviet Union.

The real reason why Mrs. Gandhi leans towards Moscow rather than Washington does, however, lie deeper. Indo-Chinese relations have still not been cleared up fully since the war of 1962. On the western flank, Kashmir remains a bone of contention with Pakistan. The Peking-Islamabad-Washington aligment brought about by the invasion of Afghanistan cannot but cause Mrs. Gandhi concern for the regional balance.

Vacuum

So far she has usually coped with bravura. But accidents will happen. Other than Comecon countries, India is the only State besides the Seychelles to have recognised the Heng Samrin regime in Kampuchea. This week the UN General Assembly refused to expel a Kampuchean delegation from the overthrown Pol Pot Government: India must have been embarrassed—whatever one may think of Pol Pot's murderous record.

India remains a non-aligned State, if a somewhat lop-sided one. But under Mrs. Gandhi it has lost all claim to leadership of the non-aligned world. Whoever can fill the vacuum left by the death of her father, Mr. Jawaharlal Nehru, in 1964, and of Marshal Tito this year, it is not Mrs. Gandhi. Moreover living dangerously is risky by definition. At home Mrs. Gandhi's career very nearly ended when she lost the election of 1977. Abroad, a consolidation of Soviet power over Afghanistan could make her balancing act very hard to keep up.

Life at the base of the pyramid

JOHN ELLIOTT reviews the issues raised in our series on British companies. In the last report MARTIN TAYLOR (below) finds one company making the best of things

IF THE Confederation of British Industry had not just found itself a new director-general, some leading industrialists would probably suggest that the job ought to be offered on an honorary part-time basis to Mr. Harold Macmillan, the 86-year-old former Conservative Prime Minister.

On Tuesday night Mr. Macmillan said on television that he was frightened because the pressure of the Government's policies was bearing not on the public services "but upon private enterprise which is at the bottom of the pyramid, but supports the whole." The Government should not have started out by squeezing "poor old private enterprise."

On Wednesday, when the CBI's monthly council meeting assembled in sombre mood, those words were the only bright spot on an otherwise gloomy industrial canvas. Last month the council passed a resolution calling for Government action, but this month it saw little point in doing so again, in spite of the fact that a new round of cuts, redundancies, and closures has begun, highlighted by this week's news of the 4,200-job retrenchment at ICI Fibres.

Indeed it almost seems, after months of urging the Government to make dramatic cuts in the levels of MLR and sterling, as if industrialists are beginning to accept that there will be no early salvation in these areas. Even if there were to be cuts of 1 or 2 per cent in MLR during the next few weeks, their problems would not be solved.

Instead they are turning their attention increasingly to calling on the Government to cut back on public sector pay rises and to adopt a more realistic basis for nationalised industry financial limits so as to ease the pressure on energy costs. They themselves are doing what Ministers want by trying in many cases to achieve single-figure pay settlements this winter.

At the same time, Ministers and their advisers are being told by individual companies that, in spite of the cuts being made in industry, the Government should not relax its policy. This is not to say that the CBI will stop clamouring for help, nor that industrialists would not mind some sort of general or selective help. What it does indicate is that a significant number of companies still believe a long-needed shake-out is taking place and should not be stopped yet.

In many ways, this is the message that has emerged from the 15 articles on individual companies published in our Wrestling with Recession series in the past three weeks. One knows of course that such a series will not uncover all the worst stories, partly because companies do not want to give encouragement to their competitors.

But what has emerged is a picture of industry being forced to take stock and cut back, of companies facing hard times because they have under-invested or have not innovated enough, and of other companies surviving because they have gone through their own crises in the past few years. Then there are others being undeservedly hit by the value of sterling, which is pushing their perfectly adequate goods out of foreign markets that might be lost for ever. For others, the main worry is that the permanent cut-backs and closures taking place among their traditional customers at home will make the eventual climb back out of recession much more difficult than usual.

While there has been a widespread reduction in investment however, few if any companies have admitted that they are cutting research and development which, if true, is encouraging. But—not surprisingly—they seem to be so preoccupied with surviving the winter, that hardly anyone is talking optimistically about how they intend to innovate and lead their leaner and fitter companies to new successes after the recession. There are also worrying reports of considerable cuts in training, both of graduates and apprentices, which will create problems for companies in the next few years.

The social cost of 2m unemployed is causing growing concern among industrialists, when the possibility of the figure rising to 3m is being widely discussed. No one who experienced the vicious mood of the many young demonstrators last Friday outside the Conservative Party Conference in Brighton can disregard the problems of youth unemployment: yet the main constraint on the Government, which would like to ease some of the effects of the recession, is its determination not to increase public spending.

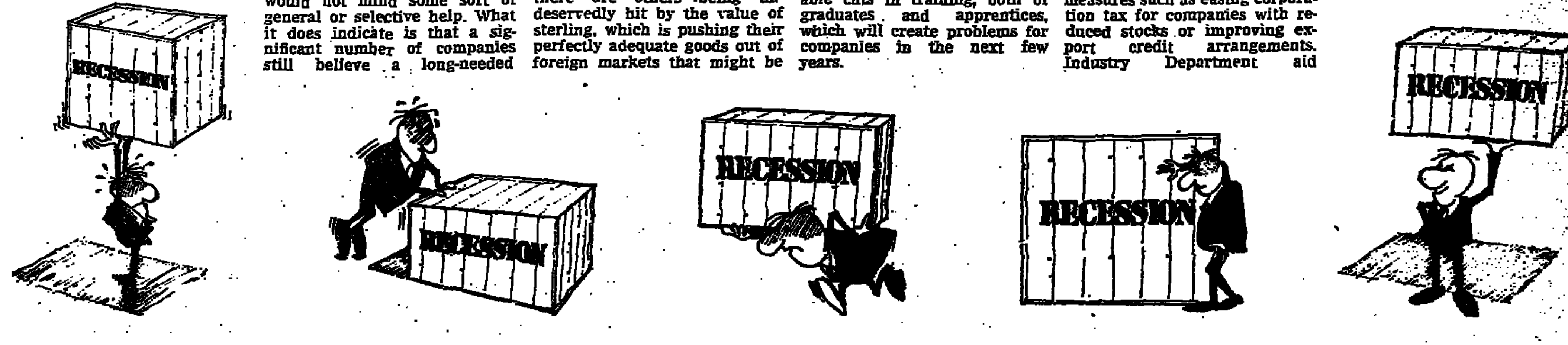
Money spent on youth unemployment schemes has to be taken from other Departmental Budgets and this makes it more difficult for industry to be given help. The Chancellor said last week that industry will get priority treatment when he is "able to ease the load." But even that help will be highly selective, and cancellations of either the national insurance surcharge or the regional development grant moratorium do not seem to be high priorities.

Instead, the help may include tax concessions for small businesses and maybe other special measures such as easing corporation tax for companies with reduced stocks or improving export credit arrangements. Industry Department aid schemes to encourage research and development may be topped up and extended.

Against this background industrialists are hoping that they will soon see the bottom of the recession and some are taking a little heart from a belief that some de-stocking may ease soon and that the rate of decline in order books is easing. But for every optimistic indication there are overwhelming contrary reports, with an increasing number of businessmen fearing for the future of the country's industrial base.

One well-known industrialist who believes that industry will emerge leaner and fitter after shedding the fat of the past decade, and who rejects the notion that the country's industrial base will be severely damaged, reminded me recently of the Joseph who interpreted Pharaoh's dream about the "seven years of great plenty" being followed by seven years of famine.

But the industrialist had apparently forgotten that the Genesis 41 account continues: "The famine shall consume the land; and the plenty shall not be known in the land by reason of that famine."



'We're Yorkshiremen, and quite good at bargaining'

DALE

Profits (to April 29, 1980)	£1.3m
Sales (to April 29, 1980)	£24.2m
Exports	£8.9m
Employees	1039
Capital employed	£17.5m

"WE ARE managing on the present exchange rate. If I wanted to be greedy and idle about it, then I'd like to see it down. I was brought up when the exchange rate was high. Too many people want something for nothing."

Mr. Leonard Dale, chairman of Dale Electric International, is not complaining about the level of sterling, although he admits that it is disconcerting to find U.S. companies offering to sell electric generating sets to Saudi Arabia for the same number of dollars as Dale is quoting pounds.

But the main problem behind the collapse of Dale's first half profits in the financial year to April 1980 from £1.9m pre-tax to £434,000 was not the exchange rate.

Dale was hit by the more or less simultaneous loss of four major export markets—Iran, Iraq, Nigeria and Turkey. In the previous year they had accounted for roughly a quarter of total sales and half the group's exports. This sort of blow could easily have been devastating—for example, the loss of these same important diesel engine markets weakened Rolls-Royce Motors' finances to the point where it allowed itself to be taken over.

But Dale seems to be through the worst, in spite of the impact of the UK recession and a year of record interest rates. That is not to say its return on sales or capital employed is satisfactory.

The company's annual report radiates confidence. Second half profits were double the first half level, although this still left a 60 per cent fall for the year as a whole. More importantly, the order book is rising sharply. In the main generator subsidiary, the intake is 90 per cent higher now than at the beginning of the summer, and for the group as a whole it stands at £14.7m, about seven months' sales.

Dale's first priority was to find new export markets. The present order book is the result of a sales drive in the Far East markets, which were relatively small in group terms, as well as in the remaining Middle Eastern markets, particularly Saudi Arabia. Both the Iraqi and Nigerian markets are slowly coming back.

Naturally enough, margins have suffered, particularly in the Far East where Dale has been cutting prices hard. But volume has been recovered: Dale never seriously considered the option of withdrawing from export markets, which would have required it to shrink drastically.

The other effect of the last year's problems has been to accelerate Dale's shift towards producing specialised machinery, which can sell on quality rather than simply on price.

Mr. Dale says the group decided on the move towards the higher end of the market as a strategic aim as early as 1952, but it remained an important manufacturer of standard sets at its Hull factory. Only a year ago, the chairman's report saw "an excellent long-term role for the Hull factory, but the shape of the market has changed so rapidly that the plant has had to be closed.

Standard generator manufacture is now concentrated in the main Filey plant, and a new factory has been opened in Leeds to assemble and test large specialised diesel and gas turbine generators. Dale did not seek Government aid to keep Hull open. It was not a question of riding out a cyclical decline, but of recognising a fundamental change in the market.

The Hull closure helped the group to reduce stocks and thus avoid any increase in borrowing in spite of the sharp fall in its operational cash flow. Jobs were found for nearly all the workers made redundant, and a stock storage depot which used to handle Hull's production is up for sale.

Since the end of the year net borrowings — £3.9m in the balance sheet, equivalent to 37 per cent of tangible net worth —have been cut a little. The group hopes to be able to save something on interest paid this year. Last year the interest charge was £758,000, up from £496,000 in 1978-79.

It is not only the rise in the overseas order book which convinces Dale the worst is over, but also the UK market for its products, where volume is steady and prices stabilising. A number of small companies had apparently been building sets for stocks in the serene expectation that Britain was heading for a winter of strikes and, inevitably, power cuts sooner or later. These products have been dropped on the market at low prices, and many of the manufacturers have since pulled out of generators altogether.

Dale's own behaviour cannot have helped the situation much. While many British industrial companies, faced with a collapse in their home market, have pushed up exports (on low margins) just to keep their volume up and recover overheads, Dale did the reverse last year, raising home sales from half to two-thirds of unchanged turnover.

That it was able to liquidate stocks at any profit at all on the home market gives some idea of the lack of import penetration in generator sets. Many foreign manufacturers do not make products to meet British legal requirements, which makes it much easier for Dale to use its home market as a safety valve.

The other advantage the group possesses is that most of its customers are not themselves affected by the general fall in demand. It is selling to the telecommunications industry worldwide, making equipment for use in oil production, and working on military contracts. At the same time, through its Houchin subsidiary, it is closely involved with the aerospace industry.

Dale has managed to cut some purchasing costs: it is buying engines and alternators from UK manufacturers cheaper than a year ago. "We're Yorkshiremen, and quite good people at bargaining." Some engines are bought from Europe and the U.S., but foreign sourcing has not increased significantly.

Wage negotiations have not been a problem. Dale follows the national settlement with the electrical trade unions, for which Mr. Dale has nothing but praise. Development expenditure has not been cut. As for general belt-tightening? "We're Yorkshiremen," says Mr. Dale again, "and I ask them all to be careful with the telephone."

Reprints of this series of 15 articles describing how British industry is coping with recession will be available shortly from the Financial Times Publicity Department.

MEN AND MATTERS

China service for E & W

A fortnight before his retirement, Dennis Garrett, senior partner of accountants Ernst and Whinney, has gained the satisfaction of seeing his firm's man installed as the first Western accountant in Peking.

Garrett, the practice's Far East expert, has been engaged with his U.S. colleagues for the past 18 months in the mandarin complications of negotiating an E and W presence in the People's Republic. Now, as David Ma, a Shanghai-born partner in the firm's New York office, takes up residence, he feels he can depart to be "a successful drop-out" for a month or two at least.

It should not be long, however, before Garrett finds himself recalled to the City for other part-time pursuits. He was an important witness in legal proceedings that followed the Haw Par affair. In the mining ventures "fever" a decade ago, the Board of Trade called on him to investigate a company that had run up debts of nearly £2m in its search for gold.

Dennis Garrett—ending the account

Garrett will be succeeded by Peter Godfrey, who joined the practice in 1949, and is one of the few incorporated accountants to be found at the top of the profession's tree.

Godfrey, too, has a distinguished record as a government investigator. His expertise was called upon for inquiries both into Rolls-Royce and later into the Crown Agents.

Godfrey should find the firm's China venture plain sailing for a while. It gets under way with a seminar next month in Peking for 50 senior Chinese managers on the subjects of manufacturing costs and operational controls, computer applications and budgeting.

As part of a deal which allows the firm to assist Western businesses opening trade channels there, it will also train several Chinese accountants in its U.S. offices.

Godfrey's immediate problems are more likely to crop up nearer home. Negotiating for expanded office space in the City, he has just discovered that his rival bidder is also one of his wealthier clients.

Rare pleasure

It is as one who has "seen a thing or two" in life that I take my hat off today to a small Cheshire company which pursues one of the most frankly extraordinary trades I have ever encountered.

The Scotch Produce Centre, run by Richard Hunt and his father Geoffrey, is based at Disley. It is a farming and food business, and its speciality is the provision of "exotic meats."

For around £3 per pound, for instance, reindeer and llama —"a bit of a cross between lamb and white veal," says Richard Hunt—can be had. From the estate of a millionaire private breeder, and culled under strictly controlled conditions, the SPC will supply you with a bear or two—around £2.50 per pound. Private buyers have snapped up six bruins in the past few months. Quite straightforward, no more expensive than steak, and interesting eating.

But pride of place in the SPC catalogue—and here I must ask you to suspend disbelief—is given undisputedly over to *edible dormice*. At £78 a brace. Where, I asked wide-eyed, could one sell a 2½ ounce mouse for £39? And what sort of animal eats them?

"Animal? You must be joking," Hunt replied kindly. "Of all the delicacies we sell 85 per cent are an acquired taste. But with dormice, they are beautiful, soft flavoured meat. They are the one delicacy that isn't over-rated. A spoonful of caviare is OK, but over-rated."

And the price? "Expensive and cheap is only relative to replacement value. They only breed once a year, and if they're highly disturbed, say by a big thunderstorm, they just kill their young. And they're only fed the very best quality food. You couldn't just go down to the local wholesale greengrocer and ask for what he's got left."

SPC's bears can occasionally be found in a London restaurant. The mice are snapped up as fast as they squeak by local subscribers to the company's catalogue. "But if you ever do want to give a dinner party at home and have dormice, don't hesitate to give us a ring," concluded Hunt thoughtfully.

Cold comfort

However high temperatures may soar in the country during the coming "winter of commonsense," the Government intends to keep cool.

Whitehall departments have just been alerted to Energy Secretary David Howell's amendment to the Fuel and Electricity (Heating) (Control) Order 1974 which sets new limits for heating the corridors of power. The previous maximum of 68 deg. F has been reduced to 66.2 deg. F —though civil servants are reassured that the statutory minimum of 60.8 deg. F will not be changed.

"Ideally all offices in a building should be maintained at a uniform temperature level," says the notice. "In practice, it is usually impossible to achieve," it adds in rapid desperation. "But the Property Services Agency will increase its efforts to eliminate areas of over-heating."

Private stocks

Looking for a job? You could do worse than Amco Construction which, according to a newly-published survey by Jordan and Sons of Britain's top 2,000 private companies, pays its 716 employees an annual average of £9,472. Clocking in with the third-highest private total wage bill is Western United Investment Co, presided over by that name on every taxpayer's lips, E. H. Vestey.

It is not only in the domain of publicly-quoted companies that the British economy is flagging. In the past two years, says the survey, while private company turnover rose an average 17.3 per cent, pre-tax profits sank 2.6 per cent.

The Jordan survey has doubled its scope this year to take in a thousand second-division firms. Ranked by turnover, the full list runs from commodity broker Czarnikow (£1.4bn) to Sutch and Searle Shipping (£2m).

Can you digit?

Prestige telephone numbers, like Harrod's 730 1234, have the twofold advantage of being easily memorised, and testifying to the apparent string-pulling-power of the eminent subscriber. But the ultimately desirable digits have, I feel, been snapped up by Nigeria's Sir Olateru Olagbegi II, the Olowo of Owo. Callers to the Olowo's residence at Afin Oba Olowo, Owo, need only ask to be connected to "Owo 1."

Observer

POLITICS TODAY

Mrs. Thatcher's new name for intervention

THE VIEW from the top of the Government is that the election to the leadership of the Labour Party is a matter of no great import. Mr. Denis Healey is not much liked (to put it mildly) and Mr. Peter Shore is not much known, but who cares who wins?

Such lofty indifference seems to be misplaced. If the intellectually pretentious and arch-conservative Mr. Shore were to succeed Mr. Callaghan, we could say goodbye to the Labour Party as a serious political force. On the other hand, Mr. Healey could give Mrs. Thatcher a run for her money, and a jolly good thing it would be both for her and for everyone else.

It is true that there are certain differences between them. Mr. Healey, for example, lacks the Prime Minister's moral fervour, and is probably glad to be without it. He is an agnostic where she is a believer. But they also have something in common. Both are pragmatists.

Mrs. Thatcher might not have said: "I recognise that I have offered no simple solutions, no panaceas. Even the goal I ask us to aim at is no new Jerusalem, simply a country with stable prices, jobs for those who want them and help for those who need it."

She might have said, indeed it is probably buried away in one of her speeches: "There is in fact only one way to stop our industrial decline. We must prevent our unit costs rising so much faster than our competitors."

She certainly did not say, though is now coming to understand: "The fact is that we shall do best if we continue to operate a mixed economy in which the operation of market forces is controlled by the Government either through legal rules or through direct intervention. The only question is where the boundary should be set in particular cases between state intervention and the market."

All those quotations come from the seminal Healey text, the Dame Sara Barker memorial lecture of September 8, 1979. They should be waved at him by anyone interested in seeing Mr. Healey trying to make a go of the Labour Party, lest he forgets.

The key sentence is the one about the "only question" being where to draw the line between intervention and market forces. If only the political parties could agree that that was the only question, we should be close to re-establishing what Sir Keith Joseph has called the common ground. The Tories might veer a little towards the market and Labour in favour of intervention, but there would be an end to the violent swings between nationalisation and denationalisation.

It is a question to which the Prime Minister has obviously been giving some thought. The approach to industrial policy now evolving in and around Downing Street (and here we

The approach is not that different from Mr. Healey's

leave the Labour leadership issue until next week or thereafter) is not vastly different from that preached by Mr. Healey or even from that practised by Mr. Callaghan's government.

The new phrase is "constructive intervention," sometimes slipping to "constructive interventionism." True, there is no suggestion of calling it purposive, dynamic or the new industrial strategy, but there is a distinct switch of emphasis from the attitudes of Mrs. Thatcher's first year. State intervention in industry is now regarded as good, provided that

Straws in the wind: Mrs. Thatcher and Sir Keith Joseph (left) after Tuesday's meeting with trade union leaders including (right) Mr. Alan Fisher, Mr. Clive Jenkins, Mr. Tom Jackson, Mr. Geoffrey Drain, and Mr. Norman Willis.

it is at the right time, in the right place, in the right industry and can be afforded.

Of course, the priority remains further cuts in public expenditure. There is no specific commitment to cuts of £1bn—indeed that figure might be thought a bit ambitious. But there are certainly areas which have been marked out for more savings. They include the nationalised industries, which are now being blamed for raising the cost of living as well as industrial costs in the private sector, and education.

The problem with education is that some of the spending is outside the Government's control because of the arbitration procedures for teachers' pay. Those could only be changed by Act of Parliament. Yet it is precisely because teachers' pay has risen so much that Mrs. Thatcher feels that the cuts are being made in the wrong places. One would expect to see a special effort to prevent the education authorities cutting back on such areas as computer centres in schools or anything that contributes to industrial training.

It is here that the change of emphasis emerges. In a relatively little-noticed speech last month, the Prime Minister told the aerospace industry: "My principal theme is to consider ways in which Government and industry can work more fruitfully together." That was mainly about defence contracts. Since then, however, it is clear that the thinking has gone further.

Take, for instance, the Bowater affair. There seems little doubt that if the Bowater management had accepted the package of financial assistance that the Government put together in the past few weeks, Mrs. Thatcher would already have been accused of a major U-turn.

Beer and sandwiches at No. 10 are not normally associated with the present style of running things. Yet in the case of the proposed closure of Bowater's newsprint mill at Ellesmere Port, the Prime Minister did receive both management and unions. The Government did attempt to keep the plant open, partly by offering funds under the 1972 Industry Act, and it did impress some of the trades unionists concerned with its sincerity. One of them is said to have remarked that if it was high energy costs that were causing Bowater the problem, why couldn't it use imported coal? It was better to have imported energy than imported newsprint. So much for trade union solidarity.

In the end, the management turned down the offer, arguing that the aid was being put up to provide a new plant rather than to make the existing one viable. That is not quite the Government's interpretation. But what is interesting is that the offer should have been made at all and that Mrs. Thatcher should have been so personally involved.

Ellesmere Port is in a depressed area, which was one reason for trying to help. The Prime Minister has already shown a preference for directing government funds into places of high unemployment: witness her insistence on the siting of the Inmos plant in Wales rather than Bristol. She also has a soft spot for Sunderland.

But there is more to it than that. It is not just regional policy. "Constructive intervention," as it is beginning to be defined, means directing money into industries which are considered to have a future and not just fossilising old jobs, as Mrs. Thatcher considers the Labour Government did in the coal and steel industries. It sounds remarkably like the old strategy of "backing winners." It also reveals that Mrs. Thatcher is rather closer to Mr. Peter Walker than suspected.

It will not happen on a very large scale at first: the money is not available and too much of what there is is going to the nationalised sector. The view is that Mr. Ian MacGregor will fianally produce a plan to reduce the losses at the British Steel Corporation, but there is still concern about the demands by British Leyland. Much will depend on the success of the new Mini Metro, but it is held that the work force has still not done enough to show that it can make itself efficient. The injection of new funds into BL cannot quite be taken for granted. Shipbuilding is hoped to be over the worst.

The argument goes that if the demands of the nationalised industries can be restrained, more will eventually be available for the private sector—and not just through the market place. In the meantime, everything possible will be done to encourage industrial training. The Prime Minister still thinks that people should be more willing to travel, despite her unfortunate remarks in Wales. There are said to be places in skill centres in the North East going begging because people will not take the half an hour bus ride.

Will the new approach impress the unions? There

Everything will be done to encourage industrial training

were very few signs of progress when the Prime Minister met the General Council of the TUC on Tuesday, though there were one or two straws in the wind. It was Mr. Len Murray, the TUC General Secretary, who suggested that perhaps the unions had underestimated the importance of monetary policy in the early 1970s, and then argued that the Government was overestimating it now. It was also Mr. Murray who raised the question of "concerted action"—the German practice of regular consultations between Government, employers and unions which was once on the Conservative agenda. Slowly it may be re-emerging.

The fact is, however, that very little is likely to come of such a formalised meeting as took place on Tuesday. Mrs. Thatcher agreed to it at the unions' request, but the formula is unsatisfactory. Around 40 union leaders face four Government Ministers, including the Prime Minister, and a handful of officials, but the unions have agreed among themselves in advance who shall do the talking. None of the rest of them are allowed to speak. The Government thinks this is because the unions do not want to be seen disagreeing with each other in front of Ministers.

Nevertheless, in smaller groups and in various Government Departments, the contacts continue. And in time some of the union demands to the Government will be met. The minimum lending rate will come down. Mrs. Thatcher hopes that this will ease the upwards pressure on sterling. Even on import controls the Government is not quite as purist as a commitment to the market philosophy would imply. Sooner or later there will also be reflation. There may also be an attempt to use North Sea oil revenues for industrial expansion. Of course, there are enormous differences of degree and method, but the aims of the Government and the TUC, at least as stated on Tuesday, are not all that far apart.

Think about the implications of "constructive intervention" and recall what nearly happened at Bowater, and it becomes plain that this Government is not quite as different from its predecessors as it would sometimes have us believe. The one crucial difference is that it wishes first to control public expenditure. If Mrs. Thatcher succeeds there, we may be in for some surprises.

Malcolm Rutherford

Letters to the Editor

Sticking to the policy

From Mr. M. Rudd

Sir,—May I suggest that the Government's economic strategy is working within the constraints imposed by central government, public utility and local authority budgeting methods. That these constraints were not explained at the recent Conservative Party conference is most surprising since they are quite easy to understand.

In most years the annual budget is set at March 31 for the following 12 months. The Conservative Party was elected to office on May 3, 1979, some two months after budgets, including manpower as well as expenditure levels, were fixed. The next opportunity for formal budget revision was at March 31 this year, at which time the new Government directives could be incorporated.

With a revised lower budget level from March 31, the effects became clear in mid-summer at which time inflation came under control and wage claims were running at 50 per cent of claims a year earlier, many of the latter now around 10 per cent. At the conference Sir Geoffrey Howe said: "The Government must stick to its policy; it would be very unwise to change the strategy now that it's working. It would be folly beyond belief to turn back now."

As you can see above the battle on the terms laid down takes 18 months to two years to win.

In an age of instant news, instant decisions and instant reactions it has become difficult for us to take a long term view and, if the hand that rocked the cradle does not entirely rule the world, it is making a gallant attempt to change our attitudes and to teach us to think, as we were taught when young, of the future and the rewards to come.

If the Government does not falter we shall all win through.

Michael S. Rudd.
Hogfair House,
1, Green Lane, Burnham, Bucks.

Laying VAT to rest

From Mr. L. de Pinna

Sir,—Justinian (Oct. 13) rightly asks: "Will value added tax be laid to a well-deserved eternal rest?" Alas the European Communities Act 1972 deprived the Queen in Parliament of this right.

The best hope now, as long as we're in the Common Market, is to use the EEC's tax harmonisation to replace VAT and Europe's higgledy piggledy taxes altogether by the well proven land value tax.

Louis de Pinna,
5 Homer Row, W1.

Controls on imports

From Mr. W. Godley.

Sir,—Mr. Brittan's statement (October 13) that import controls would "tax" exports by causing the exchange rate to appreciate further could only be correct if import controls were used to improve the balance of payments compared with what it otherwise would be.

The case for protection, laboriously explained by one or other of us at Cambridge for many years, depends on import controls not being used to reduce imports or improve the current balance of payments at all. The proper use of import controls is to reduce the import propensity of the economy, so that fiscal expansion can occur without total imports being any higher; total output, employment, and public expenditure would all be higher than otherwise and tax rates would be lower: the current balance of payments and the public sector borrowing requirement would be the same.

Wynne Godley,
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue,
Cambridge.

UK textile industry

From the President
Knitting Industries Federation

Sir,—I write in protest about your leading article (October 9) "How to help the South." We are now seeing the Financial Times declare itself red in tooth and claw as an out and out free trader—as long as it has no vested interest in the industry concerned. After your spirited defence of Bowater—which I supported and in which I asked you for more consistency—we now have this ill conceived editorial.

All through my presidency I have been consistent, showing, I believe, humanity to both our employees and the South, of course we must help the undeveloped countries but not at the expense only of our own country. Anything less than 70 per cent of the UK market would be looked upon as a disaster by our industry.

My industry has already done more than its share to assist these countries and if a more stringent multi-fibre agreement is renegotiated together with an essential recession clause it will have the effect of causing these countries to enter other manufacturing industries. This would be fair and equitable as if these countries are to be helped further it should be spread over a broader base.

As for your arugment on the relatively small difference it would make to the employment figures if an increased proportion of the industry went to the wall—with rising unemployment in virtually all industries, there would be no chance of these people obtaining jobs. It is now reported that it adds £4,000 per year per person to the public sector borrowing requirement. As you apparently support a reduction in Government spending how do we equate these two facts. Are we not entitled therefore to ask if the Financial Times really understands what it is about?

The knitting industry has lost approximately 10 per cent of its employees this year solely through lack of orders and closures and not due to productivity increases. There is as yet nothing even on the horizon for automating the making up of knitted or stretch fabrics, which will remain labour intensive.

Perhaps you should address your remarks to the U.S. which while maintaining it is in favour of free trade shuts the door immediately imports approach 10 per cent of its market, as when it renegotiated agreed quotas overnight with three Far East countries, some 18 months ago. And let us not forget that the U.S. already has tariffs on textiles way above anything in the EEC.

After Bowater and now this fiasco on the South, with your double standards all the Financial Times has achieved is to destroy all credibility in its editorial articles.

J. A. Wheatley.
Elite Hosiery Company,
Hawley Road,
Hinckley, Leics.

Milk on the doorstep

From the President,
Dairy Trade Federation

Sir,—I feel I must reply to Marion Cooper's letter (Oct. 9) from the Consumers' Association.

The facts about milk prices are — the difference between pasteurised UK milk, with its high butterfat content, and standardised milk elsewhere in the EEC is worth at least ½p per pint and the level of subsidy in some other countries has a major effect on relative prices. In Sweden the Government subsidy is 8p per pint, in Denmark 2p, and in Ireland 1½p.

If the above factors are taken into account, the price of milk delivered daily to the doorstep in the UK falls into the middle and not the top of the recent "Which?" report price range despite the strength of sterling.

Were it not for the liquid milk premium of 2p per pint which the Dairy Trade Federation has consistently sought to reduce, UK milk would be cheaper than amost all others.

As to shop prices and the fact that they are not significantly cheaper than the doorstep price, it should be understood that a milk bottle costs 5p and makes 25 trips on average, while a shop carton costs 1½p and is not recycled again. This alone adds 1p to the price of a pint. Other factors which affect the shop price are retailer margins, credit, and special arrangements such as refrigeration.

I believe that this demonstrates that our doorstep delivery price is highly competitive.

Nicholas Horsley.
Dairy Trade Federation,
19, Cornwall Terrace, NW1.

Ownership of resources

From Mr. W. L. Samengo-Turner.

Sir,—One hears a great deal about denationalising our oil resources by part or total sale of the British National Oil Corporation.

By the same token, what about giving back the mineral rights to the owners of land? Accepting that some premium would have to be paid, at least the owner could be given the right of purchase at a special price, just as council tenants have been given the right to purchase the house they occupy.

W. L. Samengo-Turner,
8th Floor,
110-112 Fenchurch Street, EC3.

Marginal land for leisure

From Mr. S. Ashmore,

Sir,—John Cherrington's all-too-brief article (October 10) about the pros and cons of dealing with overproduction within the EEC agricultural policy must surely rank at the top of thought-provocation on a line-for-line of print basis.

But no—it would not be a mistake to sequester our marginal land from agricultural purposes. Just think of the many recreational purposes to which we could put marginal land (e.g., landscaped caravanning sites and arboreta).

Work for work's sake is no longer any good for mankind (even for his soul) so let us produce food from our richest land with least human effort and save on fuel as well as on sprays and fertilisers.

Today's "overproduction" of food can be turned into tomorrow's true wealth of living.

Switzer Ashmore.
Mount Vernon,
Beech Hill Park Ave.,
Knockbreda, Co. Down.

Inequity in the rates system

From the Chairman,
London Region,
Association of Independent Businesses

Sir,—The letters from John Willman and Councillor Shepherd (October 13) reveal the confusion that exists over the appropriate bases for local taxation and therefore the legitimacy of local government. The view from the Inland Revenue Staff Federation put forward by Mr. Willman is an extremely narrow one and ignores the major concern of most critics of the rates system, that of representation and local accountability, the central issue for the Layfield Committee. Thus, car tax and VAT receipts are not allocated to specific items of expenditure but local rates are. Rates can scarcely be a tax on the consumption of housing if their payment is as easily evaded as Mr. Willman suggests.

The real sources of inequity are not confined to the need for regular revaluation but relate to the 19,000 electors in Tunbridge Wells (for example) who do not pay local taxes but are entitled to determine both the pattern of local expenditure and the level of taxation. The impact of this feature of the domestic rates system has been severe on the non-domestic sector whose share of local rates had risen to 60 per cent. Thus local electors can vote for increased expenditure without footing much (and in some cases any) of the bill, while many small businesses are forced to contract, relocate or close in the face of current rate demands.

It may be that there is a good case for a property tax but this is not made by Mr. Willman and certainly should not be limited to the narrow perception of taxation revealed in his letter. I hope that any debate on local taxes will include the adverse economic effects of the present system on industry and commerce and not simply tamper with a thoroughly bad tax.

E. Naptin.
Europe House,
World Trade Centre, E1

Caring for K-9

From Mr. A. Fazakerley

Sir,—My attention has been drawn to your note of October 8 that K-9 is to be put down in the TV series next year.

In Corbridge, Northumberland, there exists a veterinary practice perfectly capable of curing all canine problems.

At the Royal Grammar School there are proven computer technology skills—vide Young Scientists of the Year 1979—which can resolve any K-9 problems.

Would you please refer the director general of the BBC to Eskdale Terrace, Newcastle-upon-Tyne, for further assistance.

Alistair K. Fazakerley
Outwood,
Riding Mill,
Northumberland.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher opens the Motor Show to the public, National Exhibition Centre, Birmingham (until October 26).

BL management and unions meet to discuss 6.1 per cent pay offer, Haseley Manor, Warwickshire.

Mr. Michael Heseltine, Environment Secretary, addresses West Yorkshire Metropolitan County Council dinner, Leeds.

Mr. David Howell, Energy Secretary, speaks at Leicester Businessmen's Luncheon Club.

Mr. Norman Fowler, Transport Minister, speaks at Nottingham.

Alfred Herbert extraordinary general meeting to appoint liquidators, Coventry.

Mr. Anthony Wedgwood Benn addresses post-conference anti-Tory rally, Bristol.

Miss Joan Maynard speaks at Labour Party meeting, Darlington.

Mr. Frank Allaun speaks on can we avoid an East-West war? Bradford.

Institute of Export annual prize-giving, Mansion House.

Sir Peter Gadsden, Lord Mayor of London, lunches with the London Wharfingers' Association, Mansion House; attends Trafalgar Dinner of the London division, Royal Naval Reserve, HMS President.

Overseas: The Queen has private audience with the Pope, Vatican.

Final day of European Parliament session, Strasbourg.

OFFICIAL STATISTICS

Retail prices index (September). Tax and price index for September.

COMPANY MEETINGS

Bollington Textile Printers, Arkwright House, Parsonage Gardens, Manchester, 12. Compco, 7 Albyn Place, Edinburgh, 11. Meat Trade Suppliers, Winchester House, 77 London Wall, EC, 12. Surman Valley Tea Corporation, 52-54 Leadenhall Street, EC, 12. Watshams, High Road, Willesden, NW, 12.

COMPANY RESULTS

Final dividends: Forward Technology Industries. Lowland Investment. Stothert and Pitt. Interim dividends: Allebone and Sons. Albert Martin. Mettoy. Interim figures: Charles Hill of Bristol. Turriff Corporation.

£8.5m setback but M & S sees improvement

TAXABLE profits of Marks and Spencer, general stores group, fell to £68.92m in the half year to September 27, 1980 compared with £77.38m, on sales up at £845.49m against £766.8m.

In the current circumstances sales are encouraging, say the directors, particularly as there has been an improvement in August and September. If the present trend continues they expect the full year's profits to be satisfactory. The surplus for the past full year was up from £161.55m to £173.65m.

Tax takes £33.61m (£36.19m) and there are minorities' profits of £390,000 (£615,000). First-half earnings per 25p share are shown as 2.74p against 3.21p but the interim dividend is held at 1.5p—last year's total was 3.4p.

The recent improvement is largely due to better values in clothing and foodstuffs where, as a result of co-operation with suppliers, it has been possible to reduced substantially the price of a number of items, say the directors. Clothing prices are now only 2 per cent and food prices 8 per cent higher than a year ago, while standards of quality have been maintained.

By working closely with a number of major suppliers, who have invested substantially in the most modern equipment, the group has been able in nearly all cases successfully to meet the challenge of imported clothing, they add.

The pre-tax surplus includes lower profits of £69.5m against £78.15m from UK stores and a sharp fall from £712,000 to £338,000 in Europe, where the directors say the group faces similar economic problems to the UK. A substantial proportion of the merchandise sold is manufactured in the UK and margins have suffered from the strength of sterling.

The Canadian operation is making progress, however, and contributed reduced losses this time of £923,000 against £1.48m.

At the trading level, group profits were down at £75.56m (£82.98m). Interest charges rose to £7.06m (£6.64m) and depreciation to £9.5m (£7.64m). The pre-tax surplus also included interest receivable of £8.78m (£8.15m) and profits on the sale of fixed assets of £1.13m (£526,000).

Sales from clothing and other merchandise, and from foods amounted to £502.83m (£472.6m) and £285.82m (£240.91m) respectively in UK stores; £13.06m (£11.25m) and £2.67m (£1.57m) in European stores; and £28.3m (£25.83m) and £1.93m (£2.11m) in Canada. Direct exports fell to £10.89m (£12.54m).

Costs in the first six months include an additional quarter's salary increase amounting to some £3.75m resulting from the award of staff pay rises on April 1—three months earlier than last year. This completes the groups rephasing of salary reviews, which will take place at the beginning of April in future.

Lex, Back Page

Lord Sieff, chairman of Marks and Spencer—sale are encouraging

Debenhams cut to £1.3m midway

FOR THE 28 weeks to August 16, 1980, pre-tax profits of Debenhams, the department store and supermarket group, slumped from £4.73m to £1.29m. Sales amounted to £258.47m against £230.22m less VAT of £23.78m (£16.34m).

Leonard Burt

Mr. Robert Thornton, chairman of Debenhams

The Board does not believe that these results reflect profitability for the year as a whole since the group normally earns a large proportion of its annual profit over the Christmas trading period.

The interim dividend is maintained at 2.04117p net—last year's total was 6.3656p. Stated earnings per share are nil against 2.8p and 0.8p (3.5p) on a nil distribution basis.

	28 weeks 1980 £000	1979 £000
Sales	258,468	230,220
Less VAT	23,779	16,343
Leaving	234,689	213,877
Continuing businesses:		
Trading profit	3,820	7,710
Cost of finance	2,313	713
Discont. & restruct. businesses:		
Trading profit	—	3,263
Cost of finance	327	5,571
Trading profit	1,180	4,689
Other items	110	42
Profit before tax	1,290	4,731
Tax	1,215	926
Net profit	75	3,805
Pref. dividends	43	43
Attrib. ordinary	32	3,762

* After cost of finance.

On a CCA basis, the group incurred a loss of £2.63m against profits of £837,000, after charging adjustments for depreciation and cost of sales amounting to £2.49m and £4.66m respectively and crediting a monetary working capital adjustment of £1.99m.

The directors say that although the group has benefited from the disposal or closure of a number of loss making activities by the end of the last financial year, the impact of present trading conditions has had a material adverse affect on the results.

The benefits of the restructuring of the group are most apparent in the charge for cost of finance, which reduced from £6.28m in the comparable half year to £2.64m in the current period. The trading profit after cost of finance of the continuing businesses, which includes a contribution from Welbeck Finance, amounted to £1.5m compared with £6.99m in 1979.

The comparative figures in respect of sales and VAT have been amended to exclude those relating to discontinued and restructured businesses. The loss on discontinued and restructured businesses for the period of £327,000 represents the interest cost of discontinued businesses until receipt of the proceeds of sale.

The comparative figures consists of: restructured businesses (Debenhams Finance) trading profit £3.93m less cost of finance £4.16m; discontinued businesses trading loss £662,000 plus cost of finance £1.41m.

Lex, Back Page

HIGHLIGHTS

Two big retailers shows a decline in interim profits. Lex looks at Marks and Spencer's 11 per cent pre-tax fall and concludes that this shortfall may well be recovered by the end of the year. Sales volume in August and September is said to have picked up sharply. Debenhams profits have dropped to just £1.3m despite considerable recent loss elimination and the past two months of the year will be critical to the group's recovery hopes. Lex examines the money supply figures to mid-September and, while sterling M3 growth of 0.6 per cent fits neatly into Bank projections, the rate of Domestic Credit Expansion is, as ever, substantially higher than the growth of M3 money stock. Finally, the column looks at Wall Street's recent strength.

UEI tops £1.5m halfway

On turnover up from £6.4m to £10.08m, profits before tax of United Engineering Industries improved to £1.55m in the six months ended July 31, 1970 compared with £1.03m in the same period last year.

The interim dividend is lifted from 1.35p to 1.55p—the total last year was 3.65p when pre-tax profits were a record £2.31m.

● comment

UEI's interim pre-tax earnings are ahead by 50 per cent, apparently continuing the explosive growth trend of the last three years. Much of the growth must have come, however, from the five month contribution of the Cosworth Group. Cosworth, which makes racing car engines, is said to have performed at least as well as its guarantee to earn £1.6m before tax in the year of purchase. This would suggest earnings of £670,000 for the current period, before interest charges of, say, £200,000, relating to the acquisition. That does not seem to leave a lot of room for growth in the company's existing businesses. All of these are nevertheless said to have performed very well—given the present circumstances—and all have good order books. Management is concentrating on raising the sophistication of its equipment, and is still "marginally recruiting" skilled labour—a "defensive posture" from which to advance when conditions improve. It also intends to make further, selective, acquisitions. At an unchanged price of 170p, the shares are on a prospective fully taxed p/e of 19.4, and a yield of 3.6 per cent which ties UEI firmly into the highly rated specialist electronics sector.

Steel Bros. loses ground

REFLECTING higher interest rates and the adverse effect of conversion of overseas profit into sterling, the first-half 1980 taxable surplus of Steel Brothers Holdings, construction, foodstuffs and manufacturing group, declined to £2.6m, compared with £2.95m for the corresponding period.

These two factors, coupled with a general uncertainty in some areas of trade, mean it is unlikely that the 1979 pre-tax profit of £5.81m will be matched in the current year, say the directors. They warn that it may be necessary to make a provision additional to that of last year in respect of rice interests, which have been experiencing extremely difficult conditions.

The diretors regret that they have been unable to propose an increase in the interim dividend, which is held at 3.15p net. Last year's final was 4.85p.

Earnings per 25p share are marginally ahead at 12.62p (12.47p). There was a tax charge of £1.08m (£1.44m) and an extra-ordinary credit last time of £429,000. Minorities take £103,000 (£113,000) leaving an attributable surplus of £1.4m (£1.81m), of which the interim dividend absorbs £348,939.

First-half turnover improved to £47.81m (£45.51m).

● comment

Steel Brothers' rice trading and milling business, which had severe management problems last year, is now suffering from weak market conditions, especially in the U.S. due to the loss of the Iranian and Soviet markets. The Spinney supermarkets and cold storage facilities in the Middle East have performed adequately in dull conditions and the Canadian lime and concrete operations are likely to increase their share of group profits from last year's 44 per cent in spite of a more than 10 per cent rise in the value of sterling against the Canadian dollar since June, 1979. The company does not expect to equal last year's profits but should come close, especially if the exchange rate of sterling eases. The shares fell 3p yesterday to 142p where the prospective fully taxed p/e, if the group makes £5.5m profit, would be 7.3 and the prospective yield on an unchanged dividend 8.2 per cent.

Overstocking pushes Stylo losses over £1m at halfway

OVERSTOCKING, poor retail trading conditions generally and bad spring and summer weather are blamed by the directors of Stylo Shoes for increased losses in the half-year to July 26, 1980.

The deficit rose from £721,853 to £1.14m and the Board says that before the group can look forward to a profitable future it is imperative that the present level of stocks be reduced. This, together with lower bank overdrafts and interest rates, will contribute considerably towards improved profitability, it adds.

First-half turnover went ahead from £12.63m to £13.53m and the loss included depreciation of £304,843 (£256,586) and charges including interest of £273,248 (£254,915).

In the last full year, there were profits before tax of £429,000, down from £1.13m, and a single dividend of 3p net was paid.

The directors say that a very large over-buying commitment caused stocks at the half-year to be considerably in excess of what they would have liked. Considerable price reductions aimed at lowering stocks had some small measure of success, but they are still higher than last year.

To reduce overdrafts and create more trade, an aggressive pricing policy will be pursued during the current six months, they add.

Closure of the Northampton distribution centre has resulted in costs this time of £50,903. After profits of £108,840 (£4,596) on the disposal of fixed assets, the attributable loss emerges at £1.09m (£717,257).

● comment

Stylo's turnover in the first half was 13 per cent lower than planned. Other factors which contributed to the hefty interim loss were an 8 per cent rise in interest charges compared to the first half of 1979 and an increase of about 45 per cent in the local authority rates bill. For three out of the last five years the company has traded at a loss in the mid-term but autumn shoe sales have traditionally resulted in the company making a profit for the year, although this year's outlook is gloomy. As usual there is no interim dividend: the prospect for the year is bleak. But the shares, which fell 5p to 115p, are supported by net assets in the balance sheet at January 26, 1980, of 185.3p, which reflects Stylo's network of prime retail properties.

Wm. Dawson expects UK loss

William Dawson (Holdings), the magazine subscription and rare book company, is paying no interim dividend and reports that its UK operation is likely to show a sizeable loss.

Dawson, based in Kent, said in August that it had suffered losses of some £525,000 with a further £200,000 of transactions probably having to be withdrawn from earlier accounts as a result of book sales below cost and rare books and cash not accounted for at its antiquarian bookshop in London's Pall Mall.

Overall group results of Dawson for the financial year just ended on September 30 will remain in the black as a result of higher profits at Dawson France and Surridge Dawson, the 50 per cent-owned newsagent company.

A the after-tax level, however, the result for 1979-80 was more uncertain. The company, whose shares are not quoted, said it was too early to make any commitments on future dividend policy. In 1978-79, it earned £1.1m before tax.

Dawson said the police were still investigating the circumstances of the Pall Mall losses. The former manager of the branch, Mr. Andrew Macdonald-Bell, has been charged with theft and false accounting with his secretary, Miss Susan Galloway, on a charge of falsifying accounts.

"We are fighting evehything hook, line and sinker," said Mr. Macdonald-Bell yesterday. He and Miss Galloway will appear at Bow Street Magistrates Court on October 31.

Photax first half standstill

Taxable profits of Photax (London), manufacturer and importer of photographic equipment, were virtually unchanged at £248,000 for the first half of 1980, against £245,000, on turnover of £2.97m compared with £2.63m.

And the interim dividend is the same at 1.5p net per 25p share—last year's final payment was 2p paid from a pre-tax surplus of £462,000.

An additional range of products, including slide and cine projectors, and Mitakon automatic lenses were introduced during the period, and are being sold by a completely new sales force, the directors state.

This step, they say, will be a positive factor in the company's continuing efforts to obtain an increasing share of the competitive photographic equipment market.

C. H. Pearce up £1m—pays 11p

INCREASED activity has helped C. H. Pearce and Sons, builder and contractor, lift its pre-tax profits from £1.1m to £2.05m in the year to May 31, 1980 and the directors say they will be disappointed if the surplus for the current 12-month period is less.

The dividend is lifted from 7.695p to 11p net with a final of 8.5p.

The directors say the improvement is partly accounted for by increased turnover — up from £14.78m to £22.41m—and partly by substantially increased activity in commercial and industrial and in residential development.

Activity and profitability in the past four months have been satisfactory, they add.

There is a tax charge of £559,000 against a credit last year of £598,000, and earnings per 25p share are shown as 118.7p compared with 134.7p, which included 47.25p deferred tax release.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Debenhams ....int.	2.04	Dec. 5	2.04	—	6.37
Dominion & Gen. int.	3	—	3	—	10.4
E. Elliott	Nil	—	2.5	1	3.5
Guildhall Prop.	3.9	Dec. 10	3.44	4.65	4.04
Hunting Gibson ...int.	2	Nov. 28	1.5	—	4.5
Indl. & Gen. Tst. ‡int.	1.1	Dec 3	0.9	—	2.75
London & Montrose ...	6.3	Nov. 24	5.15	§9.4	7.15
London Shop	2.15	Dec. 11	2.15	3.1	3.05
Marks & Spencer ...int.	1.5	Jan. 16	1.5	—	3.4
New Throgmorton int.	1	Jan. 15	0.9	—	1.8
C. H. Pearse	8.5	Jan. 14	6.25	11	7.7
Photax ....int.	1.5	Nov. 28	1.5	—	3.5
Prestwich Parker	Nil	—	Nil	0.5	Nil
Scottish Heritable ...int.	1	Dec. 12	1	—	2.5
Scottish Mortgage int.	2.5	Dec. 1	1.8	—	5.2
Sheffield Brick ......int.	0.75	Nov. 7	0.75	—	1.75
Steel Bros. ....int.	3.15	Dec. 17	3.15	—	8
F. W. Thorpe	1.45	—	1.5	2.45	2.23
Throg. Sec. Growth ...	1.96	Nov. 27	1.64	2.58	2.25
Utd. Engineering ...int.	1.55	Dec. 5	1.35	—	3.65
Wombwell Fountry ...	Nil	—	1.13	0.37	1.5

machine 44 —— 7½ on S ——

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity. § Including special dividend of 0.6p.

London Shop Property surges past £1m mark

REFLECTING a sharp increase in housebuilding profits from £88,878 to £654,909, London Shop Property Trust reports pre-tax profits up from £651.762 to £1.14m in the year ended April 30, 1980.

And against expectations of a maintained dividend, the Board is lifting the total from 3.0511p to 3.1p with a final of 2.15p.

Basic earnings per 25p share are stated as 7.1p compared with 3.4p and 6.3p (3.3p) fully diluted.

Property revenue for the year was down from £1.68m to £1.43m while property and investment trading showed a fall to £194,457 (£379,689). Listed investment income was maintained at £34,361 (£37,858) but associates were down from £104,300 to £88,514.

	Year 1979-80 £	1978-79 £
Property revenue	1,430,043	1,683,627
Prop. & inv. tradg.	194,457	379,689
House buiding ...	654,909	88,878
Listed inv. income	34,361	37,358
Associates	88,514	104,300
Making	2,402,284	2,293,852
Interest payable...	1,261,567	1,642,090
Profit before tax ...	1,140,717	651,762
Tax	221,071	206,275
Net profit	919,646	445,487
Minorities	37,018	9,335
Extraord. credits...	1,139,444	*48,887
Exchange losses...	228,320	164,711
To general reserve	911,124	†211,598
Balance	1,192,085	723,085

From the address by the Chairman, Mr. S. J. L. Roberts, at the Annual General Meeting of the Milk Marketing Board, 16th October 1980.

The Challenge for Milk

The Challenge

The past three years have seen the most dramatic and concentrated changes in the history of the dairy industry since the formation of the MMB in 1933. Over the past year or so in particular these changes have taken place against the background of record interest rates, high inflation and a major national and international recession.

Following entry into the EEC the guaranteed price for milk disappeared and producers are now totally dependent on returns from the market. The negotiation of fair and reasonable prices with our buyers and the most determined and efficient marketing of the best product we can manufacture are therefore now more than ever crucial to the fortunes of the 43,000 dairy farmers who together make up our agricultural co-operative, the MMB. But, however well we negotiate, our milk will only sell for what the market will bear and last year the average wholesale producer price was 11.636 pence per litre – a rise of just under 1 penny over the previous year or about 9 per cent. This has to be viewed against estimated production cost increases of 16 per cent over the same period.

During the year I believe we and our customers achieved a better appreciation of each other's problems. A measure of the realism shown was the unprecedented *request from Board, Dairy Trade and NFU* for 1½p per pint increase in the retail price at the beginning of August. All sides knew this would not of itself be sufficient either for producers or distributors but recognised that, at something under 10 per cent, it could reasonably have been considered fair to the industry and consumer in the current economic climate. It was sad that Government, who still fix the maximum retail and wholesale price of milk, should have been unable to meet this modest but united approach.

Through no fault of their own therefore producers find themselves at a grave disadvantage. On one side their prices are held down against the inflationary squeeze and, on the other, interest rates make capital investment to improve productivity still further extraordinarily difficult.

In this speech last year I described the Board's purchase of 16 factories from Unigate, together with the transport operations based at those factories, as the most important commercial act the Board has ever made. I and my Board still feel the same today and are confirmed in our view that, as the "buyers of last resort", it is critical to our marketing role that we should have a major share in the home manufacturing capacity of the basic dairy products, butter, hard-pressed cheese and powder. With the cost of one large new factory today at £20 million or more, the cost of our purchase, even allowing for a necessary programme of gradual updating, still looks reasonable.

We always recognised that there could be no short-term financial advantage to our commercial profits from this purchase bearing in mind that the funds had to be borrowed and paid for out of profits. But the massive increase in interest rates which followed the signing of the contract clearly had and *will continue to have* a serious adverse effect on the short-term profitability of this enterprising purchase. The cost in particular of financing the additional stocks of butter, cheese and powder is very serious, as indeed it is for all UK dairy product manufacturers.

Thinking then of our problems over pricing and over the cost of financing our creamery operations, it would be easy to talk of gloom and doom. That is not our way. We don't like difficulties that are imposed upon us from outside but as farmers we have had to face them before and we shall get over them again.

Before going further I must reiterate the crucial importance to the whole dairy industry of a major drop in inflation and a major reduction in interest rates as quickly as possible. If this interest rate reduction does not come within weeks, large areas of our industry will be irretrievably damaged to the inevitable long-term detriment of the country as a whole. Agriculture is no lame duck but one of UK Limited's success stories, built on the drive and enterprise of the people who work in it. Not only that but it is absolutely basic to the safety and well-being of our country. No Government can afford to allow it to run down.

Last year MMB export sales totalled some £70 million and this year the figure should be close to £100 million.

Effects of Squeeze

We are very worried about the effects of the financial squeeze on dairy farmers and their reaction to it. The decline in numbers in the last year (from 47,000 to 43,360) has not only been serious because of the sharp increase in rate, but also because many of those leaving are amongst the larger and more efficient herd size groups. The national dairy herd is in decline and total milk supplies are only being maintained at approximately last year's levels by the continuing phenomenon of rising yields.

The attractiveness of the premia payable under the EEC Non-Marketing Scheme obviously becomes greater when the industry is under severe economic strain. The prospects of alternative farm enterprises, however, may be no better than those of milk as both beef and cereals are suffering as much as milk production. In the current year we have seen substantial quantities of UK cereals going into intervention; beef returns have generally been weak and have not kept pace adequately with higher overhead costs and interest charges. Too often taking "the handshake" means not just going out of milk but ultimately out of farming altogether.

Our industry contains a strong nucleus of very efficient producers. More than one-third of them have herds of over 70 cows and some two-thirds of the national cow population are in these herds. Labour productivity is generally very high and the earnings of cowmen, where employed, are fully comparable with those in many other industries. The family farm with between 50 and 70 cows is still the backbone of the industry. Whilst therefore producers, like everyone in industry in the UK, will have their short-term problems, we can and will win through.

EEC Position

The Board have been much concerned with EEC problems in the past year including of course the surplus situation. In particular we have tried to hammer home that the size of the surplus in milk is a good deal less than the Commission and some others have suggested. We were opposed to the package of measures for the dairy sector which came out of this year's Price Review. We understand fully that Government's prime objective was to obtain a *reasonable* settlement of the budget issue for the UK. Nevertheless, the increase in institutional prices by 4 per cent, accompanied by a quadrupling of the co-responsibility levy from ½ per cent to 2 per cent, left our producers materially worse off.

I must record our extreme disappointment that, despite our repeated best endeavours, Government has still failed to carry into effect a satisfactory scheme for allowing local authorities to claim the benefit of co-responsibility funds for school milk. Quite apart from the health aspect this is a loss in payments from the Community to the UK as a whole, and more particularly, in income for our dairy farmers and distributors which they can ill afford. The scheme is there; our people evolved it; now we look to Government, the Commission and the local authorities for its very early implementation.

Our Markets

The Board's own marketing activity in the past year and currently has of course been made difficult by the general economic situation. In the liquid market, which has been so successfully built up and maintained by succeeding generations of the home industry, a squeeze on consumers' incomes and the very substantial drop in sales to schools have combined to create a reduction of about 2 per cent in sales. Declining real incomes of consumers have added to the problems of other dairy product markets.

Whilst the British butter market is currently burdened by a very high stock held by New Zealand, the most difficult problem of all is the decline of that market, which has been at an alarming rate in recent months. The attack is coming not just from the worsening butter: margarine price ratio, but also from very heavily advertised new brands and types of margarine and through the health issue, of which our competitors make misleading use. We are fighting back on this front through the Butter Information Council's very hard-hitting campaign.

Just as the Board "buy British" vehicles, we must all redouble our efforts to persuade the British housewife to "buy British" milk and dairy products. I greatly welcome the recent efforts by the Minister and a number of our leading supermarket chains to support this campaign. Our promotion must be for 12 months of every year and, as an industry, we must make sure our farms and factories provide the quality that the housewife demands.

Selling our Products

It is disappointing that our 1979/80 trading profits in this sector are so close to those of the previous year, when we increased our turnover so much from August 1979 onwards by the acquisition of the Unigate factories. But this is a result affected by the very high interest rates, *not to mention inflation of wage, fuel and other costs which affect processing* margins of dairy products, just as they do rounds' distributive costs. When those of our foreign competitors in the market place tend to rise less than ours and rates of exchange are so unfavourable, there is the greatest difficulty in obtaining recoupment from the market. Our profits in this respect are suffering like the rest of British industry and I cannot at this stage lead you to expect any improvement in the current year, unless there is a sudden and sharp fall in interest rates and inflation.

We have made a good start on the integration of the Unigate factories into our Creameries Division. This work is bound to take a considerable time and the full fruits of it will take longer to be felt by producers. However, on the back of our new strength in basic product manufacture, we are looking for every opportunity to add value, to raise the return for producers' milk and to increase the total milk market.

Following the Unigate acquisition we created a powerful Product Marketing Directorate firmly committed to selling the products of our own dairies and factories to the very best advantage. Within this area we are building a strong export division, which has already started to show excellent results. Last year export sales amounted to some £70 million and this year the figure should be close to £100 million. We have also included in this area the Board's technical research and development operations with the express purpose of concentrating research minds on the market, to find new 'Dairy Crest' products for it, and to improve returns from it by reducing costs on the manufacture of existing products. Our aim is to develop a selling operation thoroughly geared to market needs, efficient and cost-effective in matching the competition.

Staff

We have been delighted at the sensible and conscientious way in which the many problems arising from the Unigate purchase have been tackled by our staff both "old" and "new". The past year must have been one of the most difficult in our history but we have come through it with enthusiasm to take on the challenges of the future and to win them. This is the message from all our staff and my message to them on behalf of all the 43,000 dairy farmers in England and Wales for whom they work, is a most sincere "thank you" for a job well done. We have a good team of enthusiastic men and women who want to get on with the vital job of running commercially and successfully what is now one of the biggest agricultural co-operatives in Europe.

For a copy of the Full Address and Annual Report complete this coupon and send it to:
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Telephone: 01-398 4101

MMB

Name...

Address......................................

UK COMPANY NEWS

Losses at Wombwell: final omitted

DESPITE directors' hopes for a return to profit after a mid-year deficit **Wombwell Foundry and Engineering Company** stayed firmly in the red for the 12 months to end-July, 1980.

And the chairman, Mr. G. L. Bramah, warns that business prospects are dismal. The time and efforts of the management are being employed in the task of curtailing expenses, he adds.

On turnover maintained at £8.14m, compared with £8.17m, the company incurred a pre-tax loss for the year of £211,831 against a taxable surplus of £480,165 a year earlier.

At the interim stage, when announcing six months' losses of £167,780 (£256,233 profit), the directors said the company should recover the balance of the loss during the rest of the year and achieve a modest level of profitability.

The final dividend of this roll-maker, ironfounder and engineer, is being omitted (1.136p), leaving the total for the year at 0.374p net, compared with 1.5p.

The loss for the year was struck after finance charges of £266,232 (£72,314) but was before an extraordinary credit of £34,764 (£62,818).

There was a tax credit this time of £113,347 (£261,088 *charge) leaving losses per 10p* share of 3.36p (7.43p earnings).

After dividend payments amounting to £11,033 (£44,250) there was a loss transferred from reserves of £75,585, compared with a transfer to reserves of £237,645.

Christopher Moran circular

Mr. Raymond Hall, acting managing director of **Christopher Moran Group**, said yesterday that the Board believed that Mr. Christopher Moran was preparing a circular in an effort to prevent the Board unseating him from his directorships at an extraordinary general meeting on October 31.

Mr. Moran, who was suspended from all executive offices within the group when he was arrested on August 1, and charged with conspiracy to defraud members of Lloyd's syndicates 290 and 295, had not comment to make on whether he intended to issue his own circular to shareholders ahead of the meeting, to persuade them to vote against the Board.

F. W. Thorpe

Pre-tax profits of **F. W. Thorpe**, lighting equipment group, slipped in the second half of the year from £413,433 to £383,995, leaving the outturn for the 12 months to end-June, 1980, marginally lower at £784,365, compared with £791,387.

At the interim stage the directors said that although the order book remained healthy, the uncertainty of steel supplies *over the coming months* made it difficult to forecast results for the rest of the year.

FLOYD OIL

Trading in the 7.5m ordinary shares of **Floyd Oil Participations** under Stock Exchange rule 163 (3) is expected to begin on November 10. The company, which was formed last year, has oil exploration and production interests in England, the U.S. and Canada. Shareholders' funds at June 30, 1980, were £1.7m following a pre-tax loss of £68,417 in the previous 13 months.

SPAIN

Oct 16	%	+ or –
Banco Bilbao	248	—
Banco Central	278	—
Banco Exterior	217	—
Banco Hispano	237	+4
Banco Ind. Cat.	124	—
Banco Madrid	141	—
Banco Santander	261	—
Banco Urquijo	132	–2
Banco Vizcaya	257	—
Banco Zaragoza	248	—
Dragados	110	–6
Espanola Zinc	71	—
Fecsa	65.2	+1
Gal. Preciados	33	—
Hidrola	69	—
Iberduero	65.5	—
Petroleos	113	—
Petroliber	68.5	—
Sogefisa	102	—
Telefonica	63	–0.5
Union Elect.	68.7	—

Hunting Gibson increases profitability in first half

FOR THE first half of 1980, large stake in Hunting P ...: **Hunting Gibson**, which has a large stake in Hunting Petroleum Services, reports pre-tax profits up from £1.05m to £1.52m. Turnover amounted to £6.01m against £5.83m.

Included in the profit are *associates up from £354,000* to £612,000 and these together with the improved trading results and further savings in the shipping division, are responsible for the increased profitability, the directors say.

Although shipbroking and painting contracting divisions are meeting difficult trading conditions in their respective markets, trading results for the second half should be comparable with those for the first six months, the Board adds.

The interim dividend is being raised from 1.5p to 2p—last year's total was 4.5p from pre-tax profits of £2.9m.

	Six months 1980 £000	1979 £000
Turnover	6,010	5,833
Profit	904	698
Associates	612	354
Profit before tax	1,516	1,052
Tax	133	157
Net profit	1,383	895
Minorities	44	31
Attributable	1,339	864
Pref. dividend	15	15
Attrib. ordinary	1,324	849

First-half tax charge is £133,000 (£157,000) giving earnings per 25p share of 16.1p compared with 12.2p.

The directors say that at the year-end, they will review *the* provision for £1.3m made in the 1979 accounts in respect of costs which might be incurred consequent on disposal of the m.v. Tyne Bridge.

● comment

As in the past, Hunting Gibson's performance has been boosted by a healthy increase from its 30 per cent subsidiary Hunting Petroleum. The overall 44 per cent pre-tax rise owes much to this associate as well as to an additional £150,000 profit from the ship-owning side. This means *that around a third* of the pre-tax profits (excluding associates) came from the Thamesfield and two other ships. Shipbroking profits dropped about 10 per cent and painting was also dull in the first half. Signs are that the second half will be comparable or *slightly better than* the first, suggesting a full year pre-tax of around £3.2m. At 146p unchanged the shares would trade on a fully taxed multiple of 8. The yield would come to around 6 per cent on a one-third higher total net dividend.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions *shown below are based mainly on last* year's timetable.

TODAY

Interims: Allebone, Lowland Investment, Albert Martin, Mettoy.

Finals: Courtney Pope, Forward Technology, Lister, Stothert and Pitt.

FUTURE DATES

Interims:—	
Beechwood Construction	Dec. 8
Bulmer and Lumb	Nov. 19
Duport	Oct. 22
Graig Shipping	Nov. 3
Greenbank Industrial	Oct. 22
Hay (Norman)	Oct. 23
King and Shaxson	Nov. 12
London Brick	Oct. 21
London Sumatra Plantations	Oct. 22
Panto (P.)	Nov. 3
Robertson Foods	Nov. 18
Scotcros	Nov. 4
Scottish Heritable Trust	Oct. 16
Finals:—	
Brooke Bond Liebig	Oct. 21
Bryant	Oct. 20
Geeson (M. J.) (Contractors)	Nov. 20
Medminster	Oct. 21
Newman-Tonks	Oct. 21
Peachey Property	Oct. 21
Peters Stores	Oct. 24
Pressac	Oct. 22
Saga Holidays	Oct. 23
Smiths Industries	Nov. 11
Tyzack (W.) and Turner	Oct. 22
United Real Property Trust	Oct. 29

Michelin sees year-end setback

Struck after depreciation up from £7.38m to £10.73m, taxable *profits of Michelin Tyre Company* were down at £8.82m for the first half of 1980, compared with £12.48m, and directors anticipate that results for the second half will be substantially lower than those of the first.

Profits for the whole of 1979 were a record £27.2m.

Six months turnover amounted to £247.9m against £207.8m and after tax *of £1.37m (£2.72m)* and minorities, the attributable balance was £7.34m (£9.2m).

The directors state that during the first half, the general situation of the tyre industry worsened as a result of lower UK vehicle production and the continuing world recession.

The current situation remains very difficult, they say, because *of the depressed level* of the home market, fierce international competition, high interest rates and the lower profitability of exports

Ultimate holding company is Compaignie Generale Des Etablissements Michelin, of France.

'Johnnies' heading for another good year

BY KENNETH MARSTON, MINING EDITOR

THE ANNUAL report for the year to June 30 of Johannesburg Consolidated Investment looks back on a year in which net profits advanced 40.6 per cent to a record R78.2m (£43.4m), equal to earnings of 1,020 cents (567p) per share and it indicates that another good year is in store.

Just how much better the current year will be depends on many factors, but a glance at the major sources of investment income in 1979-80 is instructive. Diamonds provided 21.6 per cent closely followed by gold at 21.3 per cent and platinum at 15.1 per cent.

Despite the turndown in the diamond trade, holdings in De Beers should produce at least as much as last year and probably a little more. On present indications, the gold interests should do better again and while the outook for platinum is hedged with uncertainties, Rustenburg Platinum is still doing well.

The important industrial interests should also do well in line with the buoyant South African economy, but the copper and antimony interests, which provided under 4 per cent of the past year's investment income, are facing a difficult year.

Finally, coal income should be at least maintained; prospects for an expansion in coal exports, however, are not encouraging for the near term because these depend on the granting of export quotas which, in turn, await an improvement in the existing rail and port capacity in South Africa.

Of new developments, "Johnnies" is having discussions with Tsumeb on the possibility of the latter's smelter handling material from "Johnnies" Otjihase copper mine in Namibia in the event of it being reopened.

Gold exploration continues apace, notably in the area east of the Randfontein mine where further results are awaited before mine feasibility studies can begin.

While "Johnnies" should earn more in the current year, the earnings increase cannot be expected to match that of 1979-80, but yielding over 7 per cent on a twice-covered dividend, the shares at £36½ do not appear over-priced especially in the light of the asset backing which is equal to R155 (£86) per share.

In trading reminiscent of the days of the nickel boom of the late 1960s, shares of Greenbushes Tin and Vultain Minerals soared on the Sydney and London stock exchanges yesterday on news of the former's big tantalite discovery. Greenbushes, more than trebled overnight in Australia, closed in London at 650p after touching 750p in hectic trading. A week ago they were changing hands at just 200p. Vultan, which is reported to have a near-40 per cent stake in Greenbushes, touched 325p before closing at 275p, up 160p on the day.

ROUND-UP

The Malaysian Ayer Hitam Tin Dredging reports net profits for the year to June 30 of $M7.56m (£1.49m), equal to 124 cents (24p) per share, compared with $M10.7m in the previous year. The benefits of a higher tin price in the latest period were offset by reduced production. A final dividend of 115 cents less Malaysian tax at 40 per cent makes a total for the year of 205 cents less tax against 290 cents less tax for 1978-79.

* * *

The Lonrho group's Western Platinum reports a working profit for the year to September 30 of R32.3m (£17.9m) compared with R17.62m in 1978-79. Unlike the other western producers, the company sell its production on the basis of the high free market platinum prices. The estimated content of recoverable metals in the matte produced included 2,580 kgs of platinum (2,438 kgs in 1978-79) and 1,158 kgs of palladium (1,095 kgs). Working costs per tonne of ore milled amounted to R15.55 (R13.78).

CRA iron ore deal approved

THE Australian Government has approved proposals whereby Rio Tinto-Zinc's 61.1 per cent-owned CRA and America's Cliffs International will buy the Texasgulf interest in the big Robe River iron ore mining project in Western Australia.

Mr. John Howard, the Australian Treasurer, said in Camberra yesterday that the CRA proposal was part of the recently announced plan to acquire, subject to Government approval, all of Texasgulf's iron ore interests in Western Auustralia for some A$80m (£39m).

Meanwhile, CRA's Hamersley Holdings reports that iron ore shipments from its Mount Tom Price, Paraburdoo and Dampier operations in third quarter 1980 were 9.69m net tonnes against 6.09m tonnes in the same period of last year.

Shipments of the Western Australian operation in the nine months to end-September totalled 30.86m tonnes against 21.06 tonnes in the first nine

Single day mine record at Palabora

A WORLD record for the amount of material mined in a single day has been achieved by the Rio Tinto-Zinc group's Palabora copper mine in South Africa. On August 9, more than 521,000 tonnes of ore and waste were loaded and hauled from the open-pit.

This was 27,000 tonnes more than the previous record held by Kennecott's Bingham Canyon mine near Salt Lake City in the U.S., the world's largest open-cast copper operation.

During the September quarter Palabora sold 28,595 tonnes of copper, making a total for the nine months to date of 87,576 tonnes against 85,666 tonnes in the same period of last year.

Of the by-products, sales of the precious metal content of anode slimes amounted to 68,601 oz in the quarter to make a nine-month total of 320,865 oz against 381,529 oz in the 1979 period. The shortfall in these sales has reflected shipping delays and it is hoped to be made up by the end of the year.

At the group's Bougainville copper-gold mine in Papua New Guinea the decline in ore grades continues but its effect on production last quarter was offset by increased ore milling.

The metal content of the concentrate produced was: copper 36,458 tonnes making 111,127 tonnes for the past nine months against 132,395 tonnes for the same period of last year; gold 3,627 kg making 10,946 kg against 15,586 kg, silver 8,990 kg making 27,900 kg against 35,174 kg.

OIL AND GAS NEWS

Dullingari No. 9 flows oil

BY GEORGE MILLING-STANLEY

AUSTRALIA'S Santos has reported a flow of 1,100 barrels per day from its Dullingari No. 9/DM5 well, the fifth and final well designed to test the extent of the Murta reservoir in South Australia's Cooper Basin.

A drill stem test over the upper sand of the lower cretaceous/upper jurassic section flowed oil at 1,100 bpd through a ½-in choke at a surface pressure of 230 psi.

The well is 4km north-west of Dullingari No. 8/DM4, which flowed at a rate of 2,385 bpd with a surface pressure of 220 psi. The first well in the current series flowed at a rate of 750 bpd, with the second and third giving no show.

Santos has a 50 per cent interest in the drilling programme, with Delhi Petroleum holding 30 per cent, Vamgas 10 per cent and South Australian Oil and Gas 10 per cent

The original discovery of the Murta reservoir dates back to 1978, when Strzlechi No. 1 flowed oil at a rate of 2,400 bpd.

Santos also reported on progress at Beanbush No. 1, an exploration well 63 miles north-east of the Moomba Gas plant in South Australia. The well is at a depth of 12,107 feet, and drilling is proceeding towards the planned total depth of 12,960 feet.

Santos has a 29.57 per cent interest in the well, with Western Mining holding 37.5 per cent, Delhi Petroleum 17.14 per cent, Vamgas 6.25 per cent and South Australian Oil and Gas 10.53 per cent.

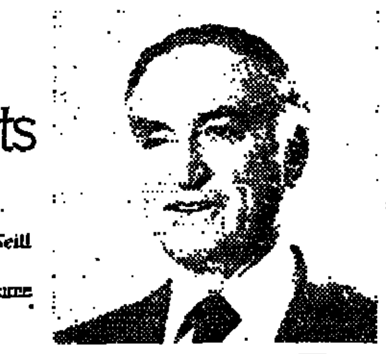
In addition, Santos is involved in the Wareena No. 1 exploration well in the northern Cooper Basin in Queensland. This well was spudded on October 12, and is currently drilling at a depth of 1,873 feet.

The principal targets are the basal jurassic and permian sandstones, and the planned total depth is 7,570 feet. The well is being funded as to 80 per cent by Western Mining, 10 per cent by Santos, 8 per cent by Australian Aquitaine Petroleum and 2 per cent by Cluff Oil (Australia).

On completion, Santos will have a 41.5 per cent interest, with Delhi Petroleum 32.4 per cent, Vamgas 8.1 per cent, Aquitaine 8 per cent, Cluff 2 per cent and Western Mining 8 per cent.

BHP CHAIRMAN'S 1980 REVIEW

"...encouraging achievements but some disappointments."



Sir James McNeill

Sir James was speaking at the Company's annual meeting, held in Melbourne on Tuesday, September 30, 1980.

The Group's business results for the 1980 year were a marked improvement on previous years: even so, they were disappointing, in that they failed to meet our expectations.

Nevertheless, there were some encouraging achievements. We made more steel than in any year since our peak in 1975. Returns from petroleum operations were the highest to date. Large-scale mineral projects were brought nearer to the operational stage. Our manganese ore and ferro-alloy businesses produced their best ever results.

Our manufacturing companies traded well and improved their results: John Lysaght (Australia) joined the group as a wholly-owned subsidiary. We took initial steps to enter the aluminium industry.

Financial Results

Group net profit attributable to BHP shareholders, at $221 000 000, was the best we have yet achieved and 24 per cent higher than in 1979. In line with our long-standing practice, this result was arrived at after allowing for the effect of inflation on our fixed asset replacement values. This year an adjustment amounting to $185 000 000 was included as part of our fixed asset utilisation charge of $346 000 000.

The improvement in profitability is reflected in the Group's cash flow from operations which rose by $119 000 000 to [illegible]

Group results

Years ended 31 May

	1980 $000	1979 $000
Sales	$ 747 978	$ 317 313
Investment and other income	59 641	45 511
Profit before FAU, interest expense and income tax expense	948 160	785 055
Deduct FAU	345 722	294 362
Deduct Interest expense	94 729	83 901
Deduct Income tax expense	290 699	218 033
Net profit before minority interests and extraordinary items	217 010	188 759
Deduct Minority interests	8 256	7 753
Net profit attributable to BHP shareholders before extraordinary items	208 754	181 006
Add/Deduct Extraordinary items net of tax – attributable to BHP shareholders	12 148	(2 270)
Net profit attributable to BHP shareholders	220 902	178 736
The FAU charge includes FAVA of	184 481	141 060

It is this kind of industry which should enable this country to best utilise its mineral wealth, and so provide significant new employment opportunities. However, while we are confident that these prospects exist, it is necessary to accept that some measure of priority as between different projects will be established by market forces.

Group Prospects in Minerals

During the year, the Group's expanded programme of minerals exploration continued both in Australia and overseas. We now have a larger and a highly professional team [illegible]

... will produce alumina from the Alwest bauxite deposits in the Darling Ranges. Initial capacity of the plant will be one million tonnes, and site work has commenced. The Lochinvar project will have an annual capacity of 236 000 tonnes of aluminium ingot.

Petroleum Developments

The exploration programme of the Oil and Gas Division involved mainly off-shore exploration wells drilled in association with partners in Victoria and Western Australia.

An outline of the large-scale construction programme now under way to maintain [illegible]

Research and New Technology

[illegible]

Labour Relations

[illegible]

Skills for the Future

[illegible]

North West Shelf Progress

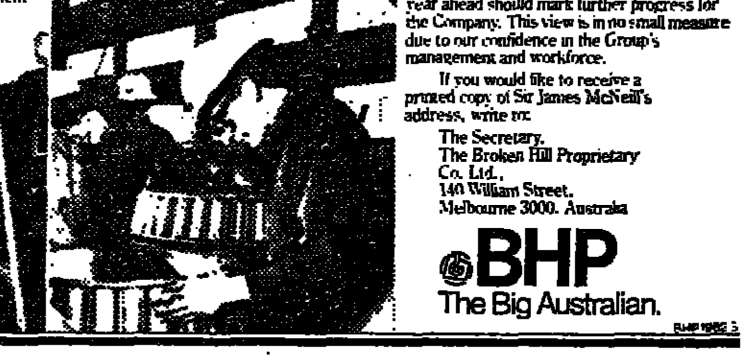
[illegible]

The Future for Steel

[illegible]

Outlook for the Group

[illegible]



If you would like to receive a printed copy of Sir James McNeill's address, write to:
The Secretary,
The Broken Hill Proprietary Co. Ltd.,
140 William Street,
Melbourne 3000, Australia

BHP
The Big Australian.

BIDS AND DEALS

Blue Circle invests £4m in NZ growth programme

CEMENT manufacturer Blue Circle Industries is increasing its investment in the New Zealand cement market.

It is investing £4m in an expansion and modernisation programme launched by its Wellington-based subsidiary, Golden Bay Cement Company.

Golden Bay intends to spend $14.3m converting the works owned by its associate company in Auckland—Wilsons (NZ) Portland Cement—from its existing wet process to a dry, suspension pre-heater process which will reduce the works' energy consumption by 50 per cent and provide some increase in production capacity.

To strengthen the capital resources required to finance this work, Golden Bay is acquiring the half share in Wilsons owned by Winstone which has been a joint partner in the company since 1970.

Golden Bay is also raising £5m by a rights issue which will increase Blue Circle's equity holding in its subsidiary from 46 per cent to a controlling 51 per cent with Winstone holding 20 per cent of the increased capital.

When the Wilsons works conversion comes on stream it will complete the modernisation programme of Blue Circle's overseas cement-making capacity.

Last month Blue Circle's Australian associate, Blue Circle Southern Cement, acquired all the outstanding share capital of the Perth-based Swan Portland Cement.

Liverpool Post expands

THE Liverpool Daily Post and Echo, which recently warned that its morning paper in Liverpool may have to close unless major cost reductions are made, has just announced a $4.6m newspaper acquisition in Chicago.

The company has bought Panax Publishing, which publishes a suburban daily newspaper and a group of suburban weeklies in Chicago, as well as a weekly newspaper in Rantol, Illinois. It also operates as a jobbing printer for community newspapers.

Net tangible assets of Panax at June 30 were $3.5m, following a revaluation of fixed assets. Pre-tax profits were $718,000 in 1979.

The Liverpool Daily Post and Echo has been publishing newspapers in the U.S. since 1978

Sangers Group sells N. Ireland side

In a cash deal of some £700,000, the Sangers Group, pharmaceutical and photographic wholesaler and optical retailer, has sold its wholesale and retail grocery business in Northern Ireland.

Thomas McMullan Holdings and its operating subsidiary Thomas McMullen and Co. have been bought by John Henderson of Newtonabbey, Northern Ireland. Terms of payment are £500,000 immediately with the balance in two instalments by December 7, 1981.

Net assets of McMullan are £400,000 and the transaction represents a premium of £300,000 over net book value. The company holds the VG franchise, and for the year to February 29, 1980, turnover was £8.4m. The business incurred a trading loss in that year of £30,000 before extraordinary charges of £48,000.

Ownership of the freehold building, currently valued at £750,000, providing warehouse facilities for the present wholesale operation, remains with the Sangers Group, who intend to sell it.

These transactions form part of the re-organisation plans for the Sangers Group announced earlier this year, involving the rationalisation of the group's activities into more profitable areas.

ASSOCIATE DEAL

Lloyds Bank International has purchased 430,000 Gough Cooper ordinary at 143p per share on behalf of Allied London Properties. Allied now owns 865,000 Gough Cooper ordinary (11 per cent).

G. WIMPEY LINKS UP WITH JACOBS ENGINEERING

George Wimpey, the international construction and engineering group, has linked up with the Jacobs Engineering Group of the U.S. to provide engineering and construction services for hydrocarbon projects connected with the mining, oil and petrochemical industries.

Jacobs, a large process design group, has formed a joint association with George Wimpey M. E. and C., the mechanical, electrical and chemical arm of the Wimpey group.

The company said that this joint venture brings together two companies whose activities are complementary. Apart from a few no-go areas they will operate internationally.

GRAND MET./CORAL

Grand Metropolitan's bid for Coral Leisure Group passed its first closing date yesterday with no announcement on whether it would be referred to the Monopolies Commission.

Grand Met is expected to have no difficulty in completing its agreed offer of over £80m, but the possibility of a reference on the combined betting shop activities remains a question-mark.

SHARE STAKES

London and Gartmore Investment: Phillips and Pye Pension Fund have sold their entire holding of 7.647 per cent in the ordinary capital.

Huntleigh Group: The following directors have sold new nil paid ordinary: Mr. P. C. Epstein, 126,082, Mr. R. Schild, 27,750, Mrs. D. Schild, 74,498, Mr. P. Tudball 7,000, Mr. D. A. Higgs, 24,000 and Mrs. E. M. Higgs, 20,000.

T. Cowie—T. Cowie, chairman has acquired 10,000 ordinary.

Kean and Scott—Newsam Investments no longer has a notifiable interest in the ordinary shares. Ferlin Nominees holds 32,500 ordinary (7.7 per cent) on behalf of Levex Securities. Ferlin has no other notifiable interest in the ordinary shares.

Ultramar—D. H. Austin, director, has sold 27,501 ordinary and now holds 96,647.

United Newspapers—Following the sale of 85,000 ordinary by a subsidiary the holding of British Electric Traction Company is now below 5 per cent.

Alva Investment Trust—Cornhill Insurance Company has acquired 54,500 shares making holding 403,700 (25.23 per cent).

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	136	—	148	5		..	436p
BP	330	106	2	126	—	134	10	"
BP	360	76	11	98	26	110	..	"
BP	390	46	125	70	29	86	20	"
BP	420	16	94	47	125	64	—	"
BP	460	.	—	28	88	44	—	"
Com. Union	160	4	65	18	—	25	50	160p
Com. Union	180	½	—	8	1	16	—	"
Cons. Gold	500	160	..	195	—	215	5	660p
Cons. Gold	550	110	20	155	1	178	—	"
Cons. Gold	600	60	3	110	..	155	—	"
Cons. Gold	650	15	15	75	38	105	7	"
Cons. Gold	700	5	--	56	37	75	1	"
Courtaulds	50	14	—	15½	—	17½	2	65p
Courtaulds	60	4½	—	8	10	12½	2	"
Courtaulds	70	½	3	5½	8	9	13	"
Courtaulds	90	¼	8	¾	—	—	—	"
GEC	390	140	10	160	—	—	—	527p
GEC	420	110	30	132	—	—	—	"
GEC	460	70	30	97	—	117	—	"
GEC	500	30	12	65	11	90	—	"
GEC	550	2	2	37	3	60	—	"
Grand Met.	130	24	2	33	—	—	—	155p
Grand Met.	140	14	4	24	—	29	1	"
Grand Met.	160	1	4	12	3	18	—	"
ICI	300	32	3	52	—	62	4	329p
ICI	330	6	9	29	4	38	5	"
Land Secs.	353	36	30	56	—	...	—	"
Land Secs.	390	4	2	32	28	48	—	"
Land Secs.	420	½	—	17	25	34	18	"
Marks & Sp.	80	27	20	28	40	—	—	106p
Marks & Sp.	90	16½	6	20	3	25	—	"
Marks & Sp.	100	16½	111	12½	50	18	—	"
Marks & Sp.	110	2	2	7	34	13½	—	"
Shell	390	54	2	78	—	92	—	444p
Shell	420	24	65	58	23	74	—	"
Shell	460	5	—	37	73	52	1	"
Totals			688		665		157	
		November		February		May		
Imperial Gp.	80	3½	—	7½	7	10½	—	77p
Lonrho	84	36	3	45	3	—	—	119p
Lonrho	94	26	10	35	—	—	—	"
Lonrho	100	—	—	—	—	35	1	"
Lonrho	104	17½	1	26	10	—	—	"
Lonrho	110	—	—	—	—	27	3	"
Lonrho	114	8½	19	17½	14	—	—	"
Lonrho	120	5½	27	14½	16	21	1	"
P. & O.	100	22	—	26	1	—	—	117p
P. & O.	110	12	15	17½	—	—	—	"
P. & O.	130	3½	3	9½	—	13	—	"
Racal Elec.	280	44	20	63	—	77	—	320p
Racal Elec.	300	30	2	50	—	64	—	"
Racal Elec.	330	12	—	33	1	47	—	"
Racal Elec.	360	3	3	21	5	34	—	"
RTZ	414	55	1	75	—	95	—	462p
RTZ	454	24	1	45	11	65	—	"
RTZ	494	10	2	27	—	45	—	"
Totals			107		68		5	

BANK RETURN

	Wednesday October 15 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	35,645,374	+ 346,097
Bankers Deposits	502,313,772	+ 138,437,105
Reserve & other Accounts	675,958,126	— 9,920,068
	1,229,470,272	+ 128,863,134
ASSETS		
Government Securities	399,190,856	— 186,360,000
Advances & Other Accounts	318,314,439	— 27,839,705
Premises Equipment & Other Secs.	499,009,477	+ 280,292,429
Notes	12,629,418	+ 7,039,777
Coin	326,082	+ 51,223
	1,229,470,272	+ 128,863,134
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,150,000,000	— 25,000,000
In Circulation	10,137,370,582	— 32,039,777
In Banking Department	12,629,418	+ 7,039,777
ASSETS		
Government Debt	11,015,100	...
Other Government Securities	8,617,837,909	— 270,935,043
Other Securities	1,521,146,991	+ 245,935,043
	10,150,000,000	- 25,000,000

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	7.10.80	14.10.80	AVERAGE YIELD	7.10.80	14.10.80
DM Bonds	94.70	95.08	DM Bonds	8.720	8.572
HFL Bonds & Notes	93.74	93.89	HFL Bonds & Notes	10.074	10.045
U.S. $ Strt. Bonds	87.70	88.31	U.S. $ Strt. Bonds	11.960	11.863
Can. Dollar Bonds	88.86	90.08	Can. Dollar Bonds	12.409	12.434

General Mining Union Corporation Group

Gold Mining Companies' Reports for the Quarter ended 30 September 1980

All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN Gold Mining Company Limited

Issued capital – 13 062 920 shares of 50 cents each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
GOLD			
Mined (m²)	143 393	143 720	428 647
Ore milled (t)	539 000	482 000	1 501 000
Gold produced (kg)	4 657,922	4 340,000	13 317,922
Yield (g/t)	8,64	9,00	8,87
Working revenue (R/t milled)	139,95	129,47	141,95
Working costs (R/t milled)	44,07	43,90	43,43
(R/m² mined)	160,09	147,23	152,09
Working income (R/t milled)	95,88	85,57	98,52
Gold price received (R/kg)	16 167	14 131	15 872
($/oz)	664	560	629

The above figures exclude ore processed for Buffelsfontein Gold Mining Company Limited

Financial results (R'000)	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
GOLD – Working revenue	75 437	62 406	213 067
– Working costs	23 756	21 160	65 195
– Working income	51 681	41 246	147 872
Sundry income	1 009	657	2 168
Tribute and royalty payments – net	(4 200)	(3 600)	(12 300)
Income before taxation and State's share of income	48 490	38 303	137 740
Taxation and State's share of income	30 928	25 111	87 450
Income after taxation and State's share of income	R17 562	R13 192	R50 290
Capital expenditure	306	957	2 359
Dividend declared	–	20 901	20 901

Development	Quarter ended 30.9.1980 Vaal Reef	VCR	Quarter ended 30.6.1980 Vaal Reef	VCR	9 months ended 30.9.1980 Vaal Reef	VCR
Advanced (m)	8 872	170	8 622	160	25 231	477
Advanced on reef (m)	1 452	170	1 075	140	3 844	422
Sampled (m)	1 320	150	875	120	3 363	387
Channel width (cm)	24	58	26	61	24	58
Average value						
– gold (g/t)	60,5	3,2	55,4	2,5	63,7	3,1
– (cm.g/t)	1 459	186	1 423	154	1 516	181
– uranium (kg/t)	0,929	0,057	0,682	0,093	0,997	0,078
– (cm.kg/t)	22,40	3,31	22,67	5,70	23,72	4,60

REMARKS

Capital expenditure
Commitments in respect of contracts placed R4 827 000.
Amounts approved not yet spent R11 844 000.

Dividend –
Dividend of 160 cents per share was paid on 7 August 1980.

Chemwes Limited

(A subsidiary of Stilfontein Gold Mining Company Limited)
Issued capital – 1 000 shares of R1 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
Pulp treated (t)	828 000	854 000	2 541 000
Oxide produced (kg)	176 222	175 229	520 289
Yield (kg/t)	0,21	0,21	0,21
Financial results (R'000)			
Net income	13 282	1 484	11 307

REMARKS

Net Income
Deliveries on contract sales have commenced, resulting in the higher net income.

Capital expenditure
Commitments in respect of contracts placed R620 000.
Amounts approved not yet spent R736 000.

WEST RAND Consolidated Mines Limited

Issued capital – 4 250 000 ordinary shares of R1 each.
– 25 000 deferred shares of R2 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
GOLD			
Gold section			
Mined (m²)	67 087	49 648	156 710
Ore milled (t)	262 500	232 000	676 000
Gold produced (kg)	535,615	530,437	1 551,234
Yield (g/t)	2,04	2,29	2,28
Uranium section			
Mined (m²)	126 792	122 854	362 588
Ore milled (t)	293 500	291 000	845 500
Gold produced (kg)	154,244	135,113	432,300
Yield (g/t)	0,53	0,46	0,51
Working revenue (R/t milled)	19,79	17,31	19,75
Working costs (R/t milled)	27,98	26,59	27,69
(R/m² mined)	80,24	80,61	81,13
Working income (R/t milled)	(8,19)	(9,28)	(7,94)
Gold price received (R/kg)	15 914	13 538	15 078
($/oz)	655	535	599
URANIUM			
Mined (m²)	126 792	122 854	362 588
Pulp treated (t)	293 000	287 400	842 300
Oxide produced (kg)	98 614	98 508	285 992
Yield (kg/t)	0,330	0,343	0,339
Financial results (R'000)			
GOLD – Working revenue	11 003	9 051	30 044
– Working costs	15 556	13 905	42 132
– Working loss	(4 553)	(4 854)	(12 088)
URANIUM – Working income	6 670	6 790	19 961
Sundry income	127	19	191
Tribute and royalty payments – net	(123)	610	(277)
Income at mine	2 321	2 565	7 787
State aid	36	385	36
Income before taxation	2 357	2 950	7 823
Taxation	4	9	27
Income after taxation	R2 353	R2 841	R7 796
Capital expenditure	426	616	1 221
Dividend declared – ordinary shares	–	319	319
– deferred shares	–	106	106
Development			
Uranium section			
Advanced (m)	7 394	6 533	19 565
Advanced on reef (m)	3 883	3 347	10 082
Sampled (m)	3 967	2 961	9 683
Channel width (cm)	55	58	56
Average value – uranium (kg/t)	1,075	0,892	0,992
– (cm.kg/t)	58,81	51,76	55,29
– gold (g/t)	2,73	2,44	2,59
– (cm.g/t)	150	142	145
Gold section			
Advanced (m)	2 894	2 117	8 119
Advanced on reef (m)	844	671	1 978
Sampled (m)	803	645	1 901
Channel width (cm)	73	59	71
Average value – gold (g/t)	11,34	8,94	10,84
– (cm.g/t)	832	532	782

REMARKS

State aid
The amounts shown for state aid are adjustments in respect of the previous year.

Capital expenditure
Commitments in respect of contracts placed R30 000.
Amounts approved not yet spent R771 000.

Dividends
Dividends of 7,5 and 425 cents per share for ordinary and deferred shares respectively were paid on 7 August 1980.

BEISA Mines Limited

Issued capital – 3 925 000 shares of R1 each.
Loan capital advanced to date R76 607 000.

Shafts
At No. 1 shaft the station cutting of No. 5 level is in progress and the shaft has reached a depth of 976 metres. Intersections of water continued to hamper sinking.
1 416 metres of development were advanced on No. 1 and 2 levels from the ventilation shaft.

General
The training centre offices are complete and good progress has been made on the second and third enclaves of the hostel, the dressing station and metallurgical laboratory.
A total of 175 houses have been completed and occupied in Welkom.
The installation of the two mills and work on the thickeners, the uranium and gold extraction plants are progressing satisfactorily.

Capital expenditure
Net expenditure for the quarter on property, shafts, plant and equipment and general expenditure has amounted to – R13 803 000 (to date R79 026 000).
Commitments in respect of contracts placed – R21 119 000.
Amounts approved in addition to commitments, inclusive of estimated escalation to 31 December 1980 – R95 727 000.
In addition to this, further escalation to be incurred will be approved annually.

BUFFELSFONTEIN Gold Mining Company Limited

Issued capital – 11 000 000 shares of R1 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980
GOLD		
Mined (m²)	238 918	226 011
Ore milled (t)	820 000	822 000
Gold produced (kg)	6 695,111	6 415,764
Yield (g/t)	8,16	7,81
Working revenue (R/t milled)	131,80	109,79
Working costs (R/t milled)	45,80	42,58
(R/m² mined)	157,20	154,85
Working income (R/t milled)	86,00	67,21
Gold price received (R/kg)	16 097	13 761
($/oz)	663	543

The above figures include ore processed by Stilfontein Gold Mining Company Limited

URANIUM	Quarter ended 30.9.1980	Quarter ended 30.6.1980
Pulp treated (t)	776 000	777 000
Oxide produced (kg)	142 400	154 400
Yield (kg/t)	0,184	0,199
Financial results (R'000)		
GOLD – Working revenue	108 075	90 250
– Working costs	37 557	34 998
– Working income	70 518	55 252
URANIUM – Working income	1 513	4 232
Sundry income	1 122	1 167
Tribute and royalty payments – net	(4 297)	(3 694)
Income before taxation and State's share of income	68 861	56 957
Taxation and State's share of income	36 756	28 571
Income after taxation and State's share of income	R32 105	R28 386
Capital expenditure	7 521	11 259
Dividend declared	–	47 300
Development – Vaal Reef		
Advanced (m)	16 482	16 017
Advanced on reef (m)	1 739	1 544
Sampled (m)	1 737	1 407
Channel width (cm)	112	121
Average value – gold (g/t)	12,98	14,86
– (cm.g/t)	1 457	1 798
– uranium (kg/t)	0,384	0,443
– (cm.kg/t)	43,06	53,51

REMARKS

Capital expenditure
Commitments in respect of contracts placed R14 339 000.
Amounts approved not yet spent R145 532 000.

Dividend
Dividend of 430 cents per share was paid on 7 August 1980.

Strathmore shaft system
Development of the shaft system has progressed to 618 metres below collar.

The GROOTVLEI Proprietary Mines Limited

Issued capital – 11 438 818 stock units of 25 cents each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
GOLD			
Mined (m²)	109 296	112 589	326 474
Ore milled (t)	440 000	435 000	1 290 000
Gold produced (kg)	1 584	1 610	4 771
Yield (g/t)	3,6	3,7	3,7
Working revenue (R/t milled)	60,35	49,71	57,70
Working costs (R/t milled)	23,81	22,11	22,32
(R/m² mined)	95,27	85,40	88,20
Working income (R/t milled)	36 54	27,60	35,38
Gold price received (R/kg)	16 731	13 354	15 544
($/oz)	689	541	622
Financial results (R'000)			
GOLD – Working revenue	26 552	21 625	74 434
– Working costs	10 478	9 616	28 796
– Working income	16 074	12 009	45 638
Sundry income	13	19	55
	16 087	12 028	45 693
Tribute and royalty payments – net	257	189	623
Income before taxation	15 830	11 839	45 070
Taxation	8 215	6 337	24 490
Income after taxation	R7 615	R5 502	R20 580
Capital expenditure	503	596	1 555
Dividend declared	–	10 524	10 524
Development – Kimberley Reef			
Advanced (m)	1 180	1 164	3 444
Advanced on reef (m)	731	735	2 133
Sampled (m)	728	720	2 114
Channel width (cm)	18	17	18
Average value – gold (g/t)	45,5	36,7	38,7
– (cm.g/t)	819	624	697

REMARKS

Capital expenditure
Commitments in respect of contracts placed R106 000.
Amounts approved but not yet spent R843 000.

Dividend
Dividend of 92 cents per unit of stock was paid on 15 August 1980.

General
A total of 17 boreholes have been completed in the drilling programme laid out to evaluate the Kimberley Reef horizon in the lease area east and north east of the existing underground workings. The five boreholes drilled during this quarter were positioned to the north east of No. 3 and No. 4 shafts. The averaged results obtained in these boreholes are as follows.

Bore-hole	No. of inter-sections	Depth (m)	True Width (cm)	Gold Assay (g/t)	Gold Value (cm.g/t)	Uranium Assay (kg/t)	Uranium Value (cm.kg/t)	Core Recovery
1413	6	566	27	0,9	23	0,022	0,581	Virtually complete
1431	4	471	28	3,1	87	0,071	1,994	Complete
1434	5	481	27	5,1	137	0,102	2,749	Virtually complete
1440	4	561	28	10,1	283	0,071	1,984	Complete
1443	5	438	60	0,0	–	0,003	0,163	Incomplete

The drilling programme is now complete.

An arrangement has been concluded with East Daggafontein in terms of which East Daggafontein will participate in the exploitation by Grootvlei of certain claims previously mined by East Daggafontein.

WINKELHAAK Mines Limited

Issued capital – 12 180 000 shares of R1 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	134 853	121 290	495 847
Ore milled (t)	555 000	545 000	2 160 000
Gold produced (kg)	3 570	3 499	14 324
Yield (g/t)	6,4	6,4	6,6
Working revenue (R/t milled)	106,97	86,50	93,97
Working costs (R/t milled)	21,34	19,84	19,99
(R/m² mined)	87,81	89,14	87,10
Working income (R/t milled)	85,63	66,66	73,98
Gold price received (R/kg)	16 562	13 309	14 065
($/oz)	682	539	558
Financial results (R'000)			
GOLD – Working revenue	59 365	47 144	202 974
– Working costs	11 842	10 812	43 186
– Working income	47 523	36 332	159 788
Sundry income	684	509	2 490
	48 207	36 841	162 278
Tribute and royalty payments received – net	530	368	1 136
Income before taxation and State's share of income	48 737	37 209	163 414
Taxation and State's share of income	29 396	22 765	100 282
Income after taxation and State's share of income	R19 341	R14 444	R63 132
Capital expenditure	1 379	1 067	3 827
Dividend declared	31 546	–	55 175
Development – Kimberley Reef			
Advanced (m)	3 066	2 981	11 263
Advanced on reef (m)	1 026	797	2 714
Sampled (m)	936	790	2 577
Channel width (cm)	64	47	57
Average value – gold (g/t)	17,1	22,7	19,0
– (cm.g/t)	1 096	1 066	1 082
Ore reserves as at 30 June 1980	**Available**	**Unavailable***	**Total Mine**
Tons (000's)	9 700	1 200	10 900
Stope width (cm)	156	156	156
Value – gold (g/t)	7,7	7,1	7,6
– (cm.g/t)	1 201	1 108	1 191

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Commitments in respect of contracts placed R338 000.
Amounts approved in addition to commitments R6 476 000.

Dividend
On 12 September 1980 dividend no. 41 of 259 cents per share was declared to members registered at 26 September 1980.
Dividend warrants will be posted on or about 6 November 1980.

General
Toll milling of modest tonnages of surface dump material was commenced on a trial basis in the last quarter on a neighbouring mine. This has now been terminated due to an unacceptable economic return.

KINROSS Mines Limited

Issued capital – 18 000 000 stock in units of R1 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	101 871	100 422	388 585
Ore milled (t)	400 000	400 000	1 600 000
Gold produced (kg)	2 240	2 320	9 200
Yield (g/t)	5,6	5,8	5,8
Working revenue (R/t milled)	90,56	79,84	81,86
Working costs (R/t milled)	26,77	24,03	24,35
(R/m² mined)	105,10	95,71	100,28
Working income (R/t milled)	63,79	55,81	57,51
Gold price received (R/kg)	16 110	13 620	14 133
($/oz)	664	552	559
Financial results (R'000)			
GOLD – Working revenue	36 222	31 935	130 978
– Working costs	10 707	9 611	38 969
– Working income	25 515	22 324	92 009
Sundry income	449	349	1 202
	25 964	22 673	93 211
Tribute and royalty payments – net	231	244	1 080
Income before taxation and State's share of income	25 733	22 429	92 131
Taxation and State's share of income	15 328	13 743	56 092
Income after taxation and State's share of income	R10 405	R8 686	R36 039
Capital expenditure	342	71	785
Dividend declared	19 260	–	34 380
Development – Kimberley Reef			
Advanced (m)	3 116	3 068	12 676
Advanced on reef (m)	806	535	2 806
Sampled (m)	771	451	2 664
Channel width (cm)	51	62	52
Average value – gold (g/t)	31,7	15,2	22,1
– (cm.g/t)	1 619	940	1 149
The above includes development for No. 2 shaft area as follows:			
Advanced (m)	1 765	1 562	6 763
Advanced on reef (m)	353	135	666
Sampled (m)	297	104	791
Channel width (cm)	45	60	41
Average value – gold (g/t)	71,4	21,2	48,1
– (cm.g/t)	3 212	1 271	1 973
Ore reserves as at 30 June 1980	**Available**	**Unavailable***	**Total Mine**
Tons (000's)	5 100	2 500	7 600
Stope width (cm)	140	140	140
Value – gold (g/t)	7,3	6,8	7,1
– (cm.g/t)	1 022	952	999

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Commitments in respect of contracts placed R681 000.
Amounts approved not yet spent R6 041 000.

Dividend
On 12 September 1980 dividend no. 25 of 107 cents per unit of stock was declared to members registered at 26 September 1980. Dividend warrants will be posted on or about 6 November 1980.

BRACKEN Mines Limited

Issued capital – 14 000 000 shares of 90 cents each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	60 133	54 450	219 429
Ore milled (t)	220 000	216 000	841 000
Gold produced (kg)	858	864	3 543
Yield (g/t)	3,9	4,0	4,2
Working revenue (R/t milled)	65,43	54,71	60,24
Working costs (R/t milled)	24,55	22,52	22,66
(R/m² mined)	89,80	89,33	86,84
Working income (R/t milled)	40,88	32,19	37,58
Gold price received (R/kg)	16 619	13 248	14 057
($/oz)	685	537	556
Financial results (R'000)			
GOLD – Working revenue	14 394	11 817	50 658
– Working costs	5 400	4 864	19 056
– Working income	8 994	6 953	31 602
Sundry income	233	345	817
	9 227	7 298	32 419
Tribute and royalty payments received – net	31	2	33
Income before taxation and State's share of income	9 258	7 300	32 452
Taxation and State's share of income	5 342	4 448	19 754
Income after taxation and State's share of income	R3 916	R2 852	R12 698
Capital expenditure	–	13	39
Dividend declared	6 580	–	11 760
Development – Kimberley Reef			
Advanced (m)	1 090	921	3 394
Advanced on reef (m)	262	89	558
Sampled (m)	255	83	539
Channel width (cm)	15	20	24
Average value – gold (g/t)	47,6	20,3	35,3
– (cm.g/t)	714	406	846
Ore reserves as at 30 June 1980	**Available**	**Unavailable***	**Total Mine**
Tons (000's)	2 900	300	3 200
Stope width (cm)	133	133	133
Value – gold (g/t)	5,2	6,5	5,3
– (cm.g/t)	692	865	708

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Amounts approved not yet spent R43 000.

Dividend
On 12 September 1980 dividend no. 36 of 47 cents per share was declared to members registered at 26 September 1980.
Dividend warrants will be posted on or about 6 November 1980.

LESLIE Gold Mines Limited

Issued capital – 16 000 000 shares of 65 cents each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	72 602	70 001	267 664
Ore milled (t)	315 000	315 000	1 170 000
Gold produced (kg)	913	945	3 610
Yield (g/t)	2,9	3,0	3,1
Working revenue (R/t milled)	48,42	41,40	44,69
Working costs (R/t milled)	23,78	22,34	22,63
(R/m² mined)	103,19	100,51	98,94
Working income (R/t milled)	24,64	19,06	22,06
Gold price received (R/kg)	16 547	13 433	14 280
($/oz)	682	544	565
Financial results (R'000)			
GOLD – Working revenue	15 252	13 040	52 286
– Working costs	7 492	7 036	26 482
– Working income	7 760	6 004	25 804
Sundry income	52	162	362
	7 812	6 166	26 166
Tribute and royalty payments – net	49	20	73
Income before taxation and State's share of income	7 763	6 146	26 093
Taxation and State's share of income	4 604	3 507	15 409
Income after taxation and State's share of income	R3 159	R2 639	R10 684
Capital expenditure	201	2	238
Dividend declared	4 960	–	9 600
Development – Kimberley Reef			
Advanced (m)	1 439	1 251	5 008
Advanced on reef (m)	456	449	1 734
Sampled (m)	458	439	1 682
Channel width (cm)	16	22	19
Average value – gold (g/t)	29,5	28,0	30,4
– (cm.g/t)	472	617	578
Ore reserves as at 30 June 1980	**Available**	**Unavailable***	**Total Mine**
Tons (000's)	2 600	400	3 000
Stope width (cm)	127	127	127
Value – gold (g/t)	5,5	5,5	5,5
– (cm.g/t)	699	699	699

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Amounts approved but not yet spent total R3 837 000 of which R2 664 000 is subject to approval by The Honourable the Minister of Mines.

Dividend
On 12 September 1980 dividend no. 32 of 31 cents per share was declared to members registered at 26 September 1980.
Dividend warrants will be posted on or about 6 November 1980.

MARIEVALE Consolidated Mines Limited

Issued capital – 4 500 000 shares of 25 cents each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	9 months ended 30.9.1980
GOLD			
Mined (m²)	14 768	16 021	45 537
Ore milled (t)	240 000	240 000	720 000
Gold produced (kg)	336	336	1 032
Yield (g/t)	1,4	1,4	1,4
Working revenue (R/t milled)	22,65	19,41	22,34
Working costs (R/t milled)	10,62	9,64	9,70
(R/m² mined)	172,53	144,44	153,52
Working income (R/t milled)	12,03	9,77	12,64
Gold price received (R/kg)	16 138	13 764	15 532
($/oz)	665	558	620
Financial results (R'000)			
GOLD – Working revenue	5 436	4 659	16 090
– Working costs	2 548	2 314	6 991
– Working income	2 888	2 345	9 099
Sundry income	24	29	120
Income before taxation	2 912	2 374	9 219
Taxation	1 659	1 303	5 191
Income after taxation	R1 253	R1 071	R4 028
Capital recoupment	–	–	1
Dividend declared	–	2 475	2 475

REMARKS

Dividend
Dividend of 55 cents per share was paid on 15 August 1980.

General
A programme comprising a small number of surface boreholes is in progress to evaluate the Kimberley Reef on a section of the Old Nigel G.M. Co. mine some 2 000 metres north of the collar of the K11 incline haulage.

ST. HELENA Gold Mines Limited

Issued capital – 9 625 000 shares of R1 each.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	107 806	109 964	423 625
Ore milled (t)	555 000	535 000	2 090 000
Gold produced (kg)	4 273	4 173	16 646
Yield (g/t)	7,7	7,8	8,0
Working revenue (R/t milled)	125,02	107,70	114,50
Working costs (R/t milled)	27,30	27,18	26,74
(R/m² mined)	140,54	132,25	131,92
Working income (R/t milled)	97,72	80,52	87,76
Gold price received (R/kg)	16 199	13 720	14 324
($/oz)	667	556	566
Financial results (R'000)			
GOLD – Working revenue	69 383	57 620	239 312
– Working costs	15 151	14 543	55 884
– Working income	54 232	43 077	183 428
Sundry income	816	713	2 805
Income before taxation and State's share of income	55 048	43 790	186 233
Taxation and State's share of income	33 200	26 960	113 097
Income after taxation and State's share of income	R21 848	R16 830	R 73 136
Capital expenditure	1 147	242	1 719
Dividend declared	40 233	–	69 589

Development	Quarter ended 30.9.1980 Basal Reef	Leader Reef	Quarter ended 30.6.1980 Basal Reef	Leader Reef	Year ended 30.9.1980 Basal Reef	Leader Reef
Advanced (m)	1 495	79	1 590	174	6 660	689
Advanced on reef (m)	194	43	218	99	1 083	313
Sampled (m)	174	32	216	90	999	257
Channel width (cm)	77	67	79	106	93	114
Average value						
– gold (g/t)	17,9	4,4	12,3	8,0	13,3	6,0
– (cm.g/t)	1 377	292	975	852	1 236	680

Ore reserves as at 30 June 1980	Available	Unavailable*	Total Mine
Tons (000's)	8 500	3 900	12 400
Stope width (cm)	168	168	168
Value – gold (g/t)	11,5	7,4	10,2
– (cm.g/t)	1 932	1 243	1 715

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Commitments in respect of contracts placed R1 167 000.
Amounts approved in addition to commitments R763 000.

Dividend
On 12 September 1980 dividend no. 50 of 418 cents per share was declared to members registered at 26 September 1980.
Dividend warrants will be posted on or about 6 November 1980.

UNISEL Gold Mines Limited

Stated capital – 28 000 000 shares of no par value.

Operating results	Quarter ended 30.9.1980	Quarter ended 30.6.1980	Year ended 30.9.1980
GOLD			
Mined (m²)	41 327	34 771	133 653
Ore milled (t)	240 000	220 000	874 000
Gold produced (kg)	1 491	1 364	5 419
Yield (g/t)	6,2	6,2	6,2
Working revenue (R/t milled)	99,96	85,56	91,10
Working costs (R/t milled)	34,12	32,90	32,36
(R/m² mined)	198,13	208,16	211,63
Working income (R/t milled)	65,84	52,66	58,74
Gold price received (R/kg)	16 060	13 680	14 635
($/oz)	662	554	579
Financial results (R'000)			
GOLD – Working revenue	23 991	18 824	79 618
– Working costs	8 188	7 238	28 285
– Working income	15 803	11 586	51 333
Sundry expenditure	1 869	1 601	5 803
Income	R13 934	R9 985	R45 530
Capital expenditure	65	108	2 747
Dividend declared	11 200	–	22 400

Development	Quarter ended 30.9.1980 Basal Reef	Leader Reef	Quarter ended 30.6.1980 Basal Reef	Leader Reef	Year ended 30.9.1980 Basal Reef	Leader Reef
Advanced (m)	1 827	21	2 036	32	9 262	50
Advanced on reef (m)	682	10	878	3	3 400	20
Sampled (m)	663	14	838	–	3 284	20
Channel width (cm)	169	146	164	–	162	161
Average value						
– gold (g/t)	10,3	2,6	7,6	–	9,9	2,6
– (cm.g/t)	1 747	377	1 243	–	1 604	426

Ore reserves as at 30 June 1980	Available	Unavailable*	Total Mine
Tons (000's)	1 900	200	2 100
Stope width (cm)	250	250	250
Value – gold (g/t)	6,9	6,0	6,8
Value – (cm.g/t)	1 725	1 500	1 703

Ore reserve pay limit is calculated at an estimated gold price of R11 500/kg ($454/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Commitments in respect of contracts placed – NIL.
Amounts approved in addition to commitments R351 000.

Dividend
On 12 September 1980 dividend no. 2 of 40 cents per share was declared to members registered at 26 September 1980. Dividend warrants will be posted on or about 6 November 1980.

NOTES

1. Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.
2. All financial figures are unaudited.
3. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.

Johannesburg, 16 October 1980

Copies are available from: London Office, 30 Ely Place, London, EC1N 6UA

Companies and Markets

UK COMPANY NEWS

INVESTMENT TRUSTS

Industrial & General mid-term expansion

Revenue of Industrial and General Trust, investment trust concern, rose by over £1m from £4.44m to £5.46m for the half year ended September 30, 1980, subject to a tax charge up from £1.45m to £1.76m.

Earnings available came out at £3.7m compared with £2.99m, and to reduce disparity, the interim dividend has been lifted to 1.1p (0.9p) net per 25p share as forecast—last year's final was 1.85p and net revenue amounted to £6.62m.

In their annual report, the directors said that dividend growth may well slow down, but they expected that the company's income would continue to make satisfactory progress.

Net asset value per share is given as 98.3p as at September 30, compared with 79.1p as at March 31.

Scottish Mortgage Tst. ahead

AFTER REDUCED interest of £474,994 against £644,912, pre-tax revenue of Scottish Mortgage and Trust Company, rose from £2.89m to £3.53m in the first half year ended September 30, 1980.

The interim dividend is raised from 1.8p to 2.5p in 1979-80, a total of 5.2p was paid when pre-tax revenue amounted to £6.44m.

Tax charge in the first half is £1.28m (£1.13m) giving net earnings per share of 3.08p against 2.39p. Net asset value per share amounted to 181.5p (157.9p).

Interim rise at New Throgmorton

Revenue of the New Throgmorton Trust, investment trust managed by Keyser Ullmann Investment Management, came out higher at £398,427 for the six months ended September 30, 1980, against £380,672, and the interim dividend is increased from 0.9p to 1p net per 25p income share.

Struck after administration and interest charges of £114,770 against £99,348, and tax of £186,845 (£171,947) the surplus gave earnings of 1.018p (0.973p) per share.

Cost of the interim payment will be £391,348 (£352,213)—last year's final dividend was 0.9p and net revenue amounted to £828,110.

Throgmorton Sec. Growth at £439,000

Taxable profits of Throgmorton Secured Growth Trust rose in the 12 months to July 31, 1980, from £333,301 to £439,188 and the total dividend is being raised to 2.575p net (2.25p) with a final of 1.9625p.

Tax took £132,653 (£103,729) leaving stated earnings per 25p share for the year of 3.065p, compared with 2.296p.

The net asset value, taking prior charges at market value, was 187.99p (177.48p).

First-half fall for Scottish Heritable

Profits before tax of Scottish Heritable Trust fell from £560,700 to £370,100 in the opening six months of 1980, on turnover of £10.22m against £9.69m.

Mr. A. Cochrane Duncan, the chairman, does not expect the group to equal the record 1979 surplus of £1.33m, but still anticipates a satisfactory result for the current year.

The interim dividend is held at 1p, and absorbs £80,000—last year's final was 1.5p.

The pre-tax surplus was struck after associate losses of £10,100 (£2,300), expenses of £91,000 (£63,300) and interest of £295,300 (£211,600). Tax took £165,300 (£153,900) and there were minorities' profits last time of £91,800. Earnings per 25p share are shown as 2.47p (3.84p).

London & Montrose advances

Net revenue of London and Montrose Investment Trust expanded to £924,222 against £710,336 in the year to September 30, 1980.

The dividend is stepped up to 9.4p (7.15p) with a final of 6.3p and a special payment of 0.6p, and the directors are planning a three-for-two scrip issue.

Gross income amounted to £1.51m (£1.22m) and tax took £491,349 (£424,975). Earnings per share are shown up from 7.22p to 9.45p and the net asset value is 308p against 270.5p.

APPOINTMENTS

Reorganisation at Sime Darby

SIME DARBY GROUP states that it is to implement a concept of non-executive responsibility at the policy-making level with the Sime Darby Berhad Board consisting entirely of non-executive directors apart from three executive officers of the group, namely the group chief executive, the director of operations and the finance director.

The present executive Board, which has the three executive officers of the group represented on the Sime Darby Berhad Board plus the divisional group directors, will form the executive or operating arm of the group. This separates the policy-making function from the operational activities of the group with the three senior executive officers of the group providing the link between the two Boards.

Mr. R. T. Constable is now the only divisional group director on the Sime Darby Berhad Board and he has agreed to resign as a director to enable this change to be made. Mr. Constable will continue as managing director of the Hong Kong division and member of the group executive board, and will also be appointed chairman of Sime Darby Hong Kong in succession to Y. M. Tunku Dato' Ahmad bin Tunku Yahaya following the latter's appointment as director of operations of the Sime Darby Group. Tunku Ahmad will remain a director of Sime Darby Hong Kong.

★

Mr. B. A. Farquharson is to retire from the partnership of RICHARD ELLIS on April 30, 1981. He will be succeeded as senior partner by Mr. M. H. Baylis.

★

Mr. George Felton has been appointed a director of BRITISH NATIONAL LIFE INSURANCE SOCIETY, responsible for the new specialist underwriting division. Mr. Pieter W. Goedkoop has become director of investments of ARMCO FINANCIAL SERVICES EUROPE.

★

Mr. Nigel H. Clutton, a senior partner in Cluttons of Westminster, has joined the Board of MORNINGTON BUILDING SOCIETY.

★

REDMAN BROUGHTON has appointed Mr. Peter Freer a financial director.

★

Mr. Wm. Harvey, senator and honorary treasurer, Queen's University of Belfast has been elected to the Board of the Belfast-based merchant bank, UNICO FINANCE in addition to being appointed chief accountant.

★

COUNTRYSIDE PROPERTIES has appointed Mr. Andrew Wassell a director. Mr. Wassell has been managing director of the Group's construction division for a number of years. He will continue to have special responsibility for the Group's construction operations. Mr. Philip Osborn has been appointed a director of the construction division.

Mr. Peter A. Taylor, general manager of the Royal London Mutual Insurance Society, has been appointed chairman of the INDUSTRIAL LIFE OFFICES ASSOCIATION succeeding Mr. Nevil Carroll, vice chairman and formerly general manager of the Britannic Assurance Company. Mr. Derek C. Bourdon, general manager (UK) of the Prudential Assurance Company, succeeds Mr. Taylor as vice-chairman. Mr. H. L. K. Browne, chairman of the London and Manchester Assurance Company, has been re-elected treasurer.

★

Mr. Ian Burton has been appointed deputy managing director of R. W. FORSYTH.

★

WILKINS AND MITCHELL has made the following appointments: Mr. Edward Wilkins, a son of the founder of the company, retires as deputy chairman and joint managing director. Mr. John Moore, has resigned for personal reasons as a director. Mr. William Husselby has been appointed as a non-executive director.

★

Mr. Maurice Garner has been appointed to the Board of MICRELEC

★

Mr. Brian Downing, formerly marketing services director for the Myson Group, has been appointed marketing director of P. C. HENDERSON.

★

Dr. Christian Schroeder has become chairman of SEITZ ENGINEERING (GB). Dr. Guenther Krempel and Dipl.-Ing. Theobald Seitz, who are respectively technical director and financial director of the Seitz main Board, will have special advisory responsibility for policy matters at Seitz Engineering.

★

Mr. Michael Cohen, Mr. Andrew Watson and Mr. James Wellings have been appointed to the Board of FIDELITY INTERNATIONAL MANAGEMENT, part of the Fidelity Group of Boston.

★

Mr. Keith H. Hodgkinson has been appointed managing director of GEC MEASUREMENTS. Within the relay and instrument division, Mr. William H. Cooper becomes marketing director, Mr. John P. Rogers, personnel director, Mr. William A. Thompson, technical director, and Mr. Michael A. Hughes, chief engineer.

★

INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION has elected the following honorary officers for two years: Mr. Ichiji Ohtani, president, Mr. Donald Comer, senior vice-president, Mr. Bernard Crone-Rawe, junior vice-president, and Mr. Hamed Habib, honorary treasurer. Mr. Roger Sauvegrain, the retiring president, has been elected honorary life member of the Federation.

★

Mr. Jerzy Piasecki has been appointed managing director of CASEYS CAMPING, a subsidiary of Pentos Garden and Leisure Products Group

Improved margins boost Kodak earnings by 25%

BY DAVID TONGE IN NEW YORK

EASTMAN KODAK, the world's largest photographic equipment producer, reports a further strong performance in the third quarter of this year, with sales up 18 per cent in value and net profits up 25.5 per cent on last year's figures.

The results are above expectations and reflect higher margins on a slightly reduced sales volume. Earlier this year, the company, which uses around 50m oz of silver each year, had increased prices on many of its films by around one-fifth to allow for the soaring cost of the metal. The failure of the Hunt Brothers to corner the market caused the price to slump, and even now it is still around $20 per oz, but Kodak have only slightly reduced prices.

Mr. Walter Fallon, chairman, and Mr. Colby Chandler, president, said that revenue had kept ahead of costs in the second and third quarters of the year. They added: "We look forward to good levels of business in the seasonally important fourth quarter and we expect 1980 as a whole to be one of satisfying results for the company."

Kodak, which is reported to have been talking with Japanese camera producers on launching a 35mm cassette for a new camera, announced that sales in the third quarter had totalled $2.36bn, up from $2bn, and that net profits had totalled $358.8m, up from $285.9m. Net earnings per share totalled $2.22 compared with $1.78.

Figures for the first nine months showed sales up from $5.44bn to $6.63bn, net profits up from $706.1m to $847.2m and net earnings per share up from $4.38 to $5.25.

Harvester curtails loan plans

BY DAVID LASCELLES IN NEW YORK

INTERNATIONAL Harvester, the large maker of farming equipment and heavy vehicles, has received a number of shocks in the last few days which have apparently persuaded it to curtail plans to borrow in the capital markets.

Yesterday, the Federal Trade Commission accused it of failing to make adequate disclosures about a possible safety hazard in some tractors.

The accusation came on the heels of a reduction in International Harvester's credit rating by the major New York credit agencies as it was proposing to raise about $250m through issues on the capital markets.

After their decision earlier this summer to downgrade most of IH's outstanding debt, Moody's and Standard and Poors rated the new issue at a level which implies a certain amount of risk.

This apparently persuaded IH to drop plans for an issue of 1m cumulative preferred shares worth $100m. However, investment bankers Morgan Stanley still went ahead with an issue of $150m of convertible preferred shares. Apparently sensing that

Straight dollar bonds again firm

BY FRANCIS GHILES

THE THREE major sectors of the Eurobond market were again active yesterday with straight dollar bonds posting gains of about ½ point on the day.

The second dollar convertible bond this week was launched for Moran Energy International NV through Smith Barney, Harris Upham and the Los Angeles-based investment bank, Bateman Eichler, Hill Richards International. The borrower is raising $40m for 15 years with an indicated coupon of 8-8½ per cent and a conversion premium expected to be set at around 15 per cent.

The Italian state energy utility, ENEL, has launched another $100m seven-year floating rate note in the Asian dollar market through Daiwa Securities. Terms are the same as on ENEL's original $100m Asian bond issue completed last June. The borrower will pay an interest rate of ½ per cent above six-month Libor with a minimum of 5¼ per cent. The investor has the option to convert the bonds at any time into 9½ per cent fixed rate debentures due 1995.

The fourth foreign DM bond—DM 50m for 10 years—this week was launched for the Industrial Bank of Finland through BHF Bank. Indicated coupon is 8½ per cent and the likely price is 99½. The bonds, which have an average life of 6½ years, are guaranteed by the Republic of Finland.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published *on the second Monday of each month.*

Closing prices on October 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	84	84½	−0⅛	−0¼	13.75
CECA 11½ 88	100	95⅜	95⅞	+0⅛	+0⅞	12.39
Citicorp O/S Fin. 10 86	300	90	90½	−0⅛	0	12.46
Con. Illinois O/S 9¾ 88	150	88¾	89¼	0	0	12.53
Denmark 11¼ 90	100	94	94½	+0⅛	+0⅞	12.79
Dome Petroleum 13½ 92	50	101¼	101¾	+0⅛	0	13.23
EEC 11 95 (May)	75	88¾	89¼	+0⅛	+0⅜	12.87
EEC 11 85 (November)	70	†87¼	87¾	−0¼	−0⅞	12.92
EIB 13¾ 90	100	103¼	103¾	−0¼	+0⅞	13.05
Eksportfinans 9½ 87	75	87½	88	+0⅛	+0½	12.25
Elec. de France 10 88	125	89⅛	89⅝	+0⅛	+0⅝	12.18
Export Dv. Cpn. 12¾ 87	100	101⅛	101⅝	−0⅛	+0⅛	12.39
Export Dv. Cpn. 9½ 86	150	89⅛	89⅝	0	+0⅜	12.34
Federal Dev. Bk. 12¼ 85	75	†99½	100	+0⅝	+0¼	12.27
Fin. Exp. Credit 10½ 85	50	91½	92	+0¼	+0⅝	12.91
Finland Rep. of 9½ 86	100	86½	87	+0⅛	+0⅜	13.02
Ford O/S Fin. 12⅛ 85	250	98⅞	99⅜	0	+0⅜	12.83
George Weston 13½ 87	30	101⅛	100⅝	0	+0⅛	13.36
GMAC O/S Fin. 13½ 85	100	102⅜	102⅞	+0⅛	+0½	12.52
GMAC O/S Fin. 12 87	100	96½	97	+0½	+0½	12.73
Goodyear O/S 12½ 87	75	98⅞	99⅜	+0⅛	+0⅝	12.66
Hudson's Bay 11½ 90	75	93⅜	93⅞	+0⅛	+0⅜	12.65
IBM Canada 10½ 85	50	95⅜	96⅛	+0⅛	+0½	11.65
ICI Fin. Ned. 11 83	100	97	97½	0	+0½	12.22
Int. Harvester 12¾ 85	115	98⅞	99⅜	+0⅛	+0⅜	12.97
McGraw 13½ 85	75	101⅜	101⅞	+0⅛	+0½	12.98
NorWest Ind. 13¾ 87	50	100	100½	+0⅛	+0⅝	13.51
Nova Scotia 10¾ 90	50	88½	89	+0⅛	+0⅜	12.81
OKB 10 85	50	92⅜	92⅞	0	+0⅜	12.10
Pembroke Capital 9¾ 87	100	†87⅛	87⅝	+0⅛	+0⅜	12.48
Pemex 11½ 88	100	92⅜	92⅞	+0⅛	+0¼	13.07
Quebec Hydro 11½ 92	100	90⅜	90⅞	+0⅛	+0⅜	13.08
Repsteel O/S 11½ 88	100	89⅛	89⅝	+0¼	+0½	13.79
Roylease 11¼ 85	50	96½	97	0	+0½	12.16
SNCF 12¼ 85	50	101	101½	0	+0½	11.85
Sweden 12⅛ 85	150	99⅛	99⅝	+0⅛	+0½	12.54
Swed. Ex. Cred. 12½ 85	40	98½	99	+0⅛	+0½	12.82
Transamerica 12⅜ 83	60	97⅞	98⅜	0	+0½	13.28
UB Finance BV 11 90	50	85⅞	86⅜	+0⅛	+0⅜	13.63
Unilever NV 9¾ 90	100	85½	86	+0¼	+0⅜	12.32
World Bank 9¾ 85	200	92	92½	+0⅛	+0⅞	11.98
World Bank 10¾ 87	300	91⅜	91⅞	+0⅜	+1⅛	12.12

Average price changes... On day +0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8½ 90	250	99½	100¼	−0⅛	−0¼	8.13
Austria Rep. of 8¼ 92	150	97⅝	98⅛	0	0	8.52
BFCE 7¾ 87	100	95½	96	+0¼	±0⅛	8.65
BFCE 8¼ 85	100	96⅜	97⅛	+0½	+0⅛	8.52
CECA 7⅞ 92	150	95⅜	96⅛	+0⅛	+0⅛	8.42
CII-Honeywell 8½ 90	125	98⅛	98⅞	0	−0⅛	8.60
Denmark 7⅞ 86	100	97¾	98	0	−0⅛	8.43
Denmark 8¼ 92	100	99	99¾	−0¼	+0⅛	8.33
EEC 7⅞ 94	225	95¼	96	+0⅛	0	8.42
Finland Rep. of 8 86	150	97	97¾	−0¼	+0⅛	8.66
Iberduero SA 9 90	100	99⅜	100⅛	+0¼	0	9.03
Japan Dev. Bk. 7⅞ 87	100	95⅞	96⅝	−0½	−0¼	8.36
Kobe, City of 8 90	100	98¼	98⅞	0	−0⅛	8.22
Mt. Bk. Denmark 8½ 90	150	98¼	99	+0⅛	+0⅛	8.70
Norway 7½ 85	250	98¾	99½	−0⅛	−0⅞	7.73
Nuclebras 9¾ 88	100	98	98¾	0	−0⅛	10.05
OKB 8¼ 92	150	97⅝	98⅜	0	+0¼	8.52
Oslo, City of 8¾ 90	80	101	101½	0	+0⅜	8.54
Sweden 9¾ 87	200	†104½	105½	0	+0½	8.69
World Bank 8 90	700	96⅝	97½	−0⅛	−0½	8.43
World Bank 7⅞ 90	250	95½	96¼	+0⅛	−0⅛	8.53
World Bank 10 86	150	108	108¾	−0¼	−0⅛	8.05
World Bank 10 90	200	109⅞	110⅝	+0⅛	+0¼	8.38

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5½ 90	100	99⅝	100	0	0	5.39
Bayer Int. Fin. 5¼ 92	100	99⅞	100½	0	+0⅛	5.25
Bergen, City of 6 90	50	102½	102⅞	+0⅛	−0⅛	5.63
BMW Overseas 4¼ 91	100	89⅞	90⅛	+0½	+2⅛	5.49
Bubm'n-Tellerods 7 90	40	†105½	106	0	+0⅛	6.18
Caisse Nat. Tele. 4¾ 89	100	93½	93¾	+0⅛	+1⅞	5.29
Copenhagen Tele. 5¾ 90	60	96⅛	96⅝	+0⅛	+1⅛	6.27
Denmark 5¾ 90	80	98	98½	+0⅛	+0⅛	6.01
EIB 4½ 94	100	85½	85¾	+0⅛	+2	5.92
Elec. de France 4¾ 89	100	†91½	92	+0⅛	+0⅛	5.59
Elect. de France 5¼ 90	100	97½	97¾	+0⅛	+1⅛	5.57
F. G. H. Hypo. Bk. 6 90	50	†102¾	103¼	+0½	+0⅛	5.59
Finland Rep. of 5⅝ 90	80	†95	95½	0	+0⅞	6.28
GZB 4½ 89	100	87⅞	87⅞	−0⅝	−0½	6.06
Int.-Amer. Dev. 4½ 89	100	92	92¼	0	+0⅛	5.66
Int.-Amer. Dev. 7 90	80	104¾	105	+0¼	+0⅛	8.30
Jutland Tele. 5½ 90	50	†97	97½	−0½	−0½	5.89
Mt. Blanc Tunnel 5½ 90	60	99¼	99½	+0⅛	+0⅛	5.58
Newag 5¾ 90	80	100⅞	101½	+0⅛	+0⅛	5.61
Nippon Tel. & T. 4½ 89	100	94	94½	+0⅛	+2⅛	5.08
Norges Komm 4¾ 91	100	87⅜	88	+0½	+1	5.91
OKB 4¾ 91	100	86⅝	86⅞	0	0	6.06
OKB 6 90	100	†102	102½	0	−0⅛	5.68
Oslo, City of 4¾ 91	100	87⅛	87⅝	+0½	+0⅛	5.96
Philips Lamps 5¾ 92	100	98⅛	98⅜	+0⅛	+0⅛	5.45
Sekisui Pre. Hms. 6 90	80	102	102½	−0⅛	−0⅛	5.70
Shikoku El. Pwr. 4¾ 89	100	93½	93¾	+0½	+0⅛	5.68
Trade Dev. Fin. 6⅛ 90	50	98	98½	+0¼	+0⅛	6.38
Voest-Alpine 5¾ 90	80	99	99½	0	+0⅞	5.87
World Bank 4½ 89	150	88¼	88½	−0⅝	−0⅞	6.70

Average price changes... On day +0⅛ on week +0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90⅞	91⅞	−0⅛	+0⅛	9.00
Australia 6½ 88	20	87⅞	88½	+0⅛	+0⅛	8.76
EIB 7¾ 89	12	95½	96⅛	0	+0⅛	8.38
Finland 5.6 83	10	90	91	−0⅛	−0⅛	9.30
Finland 6.8 88	10	87	88	+0⅛	−0⅛	9.19
Finland, Rep. of 8⅛ 87	15	95¾	97	0	−0⅛	9.11

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93½	94½	+0¼	+0⅞	12.25
CIBC 13½ 85 C$	50	99⅜	100½	0	−0⅞	13.40
CIBC 11½ 85 C$	60	93½	94½	0	−0¼	13.24
Federal Dev. 11½ 90 C$	60	88¼	89½	0	+0¼	13.63
Fst. Can. Inv. 10 84 C$	50	90⅛	91⅛	0	+0¼	13.36
GMAC 12 85 C$	50	†94	95	0	0	13.62
R. Bk. Canada 10 86 C$	40	92⅛	93⅛	0	−0⅛	11.78
Tordom Cpn. 13½ 85 C$	30	100⅜	100⅞	0	−0⅛	13.29
M. Bk. Dnmk. 9 91 EUA	25	93¾	95	0	0	9.85
SOFTE 8¾ 89 EUA	40	89	89⅜	0	−0⅛	10.16
U. Bk. Nrwy 9½ 90 EUA	18	99⅜	100½	−0⅛	−0⅛	9.50
Algemene Bk. 10¾ 87 Fl	400	100⅜	101⅛	+0⅛	+0½	10.02
Bk. Mees & H. 10 85 Fl	75	101⅜	101⅞	+0⅛	+0⅛	9.54
F. G. Hypo 9¾ 87 Fl	75	96⅞	97⅜	+0⅛	+0⅛	10.34
Heineken 10 87 Fl	75	95⅜	99⅛	−0⅛	−0⅛	10.11
Nat. Inv. Bk. 10 87 Fl	75	99⅛	99⅝	−0⅛	+0⅛	10.12
Nat. Neder 9½ 87 Fl	60	96⅞	97⅜	−0⅛	+0⅛	10.09
Neder Mdn Bk 10 85 Fl	75	102⅜	103⅛	0	+0½	9.20
Aero Paris 13¾ 87 FFr	150	98⅛	99⅛	+0⅛	+0½	13.42
CECA 14¼ 86 FFr	150	102⅛	103⅛	+0⅛	+0½	13.46
Finland 11 88 FFr	80	91⅛	92⅛	−0⅛	+0½	13.78
Finland 11½ 88 FFr	70	89⅛	90⅛	+0⅛	+0⅛	13.51
Gaz de France 11 84 FFr	150	92⅛	93⅛	0	+0⅛	13.30
IBM France 11⅞ 84 FFr	120	93⅛	94⅛	+0⅛	+0⅛	13.73
Renault 9¾ 85 FFr	100	85⅛	86⅛	0	+0⅛	14.08
Solvay et Cie 9¾ 87 FFr	125	82	83	−0⅛	−0⅛	13.98
Utd. Mex Sts 14 85 FFr	150	99⅛	100⅛	0	+0⅛	14.06
Beneficial Fin. 14¾ 90 £	20	99⅛	99⅞	−0⅛	0	14.28
BNP 13½ 91 £	15	98⅛	98⅞	−0⅛	−0⅛	13.77
Citicorp O/S 13½ 90 £	50	98⅛	99⅛	−0⅛	0	13.69
Fin. for Ind. 14½ 88 £	20	101⅛	102⅛	−0⅛	−0⅛	14.00
Fin. for Ind. 13¾ 87 £	20	99⅛	99⅞	0	0	13.92
Gen. Elec. Co. 12½ 89 £	50	95⅛	96⅛	−0⅛	+0⅛	13.25
Peugeot SA 14 90 £	23	99⅛	99⅞	−0⅛	0	14.07
Rothschild 14¼ 90 £	12	99⅛	100⅛	−0⅛	+0⅛	14.25
Swed. Ex. Cr. 16⅛ 85 £	20	104⅛	105⅛	−0⅛	+0⅛	13.69
Banobras 8¾ 90 KD	7	†90⅛	91⅛	0	0	9.75
CCCE 8¾ 91 KD	10	†86⅛	87⅛	0	+0⅛	10.21
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.89
Akzo 9¾ 87 LuxFr	500	92⅛	93⅛	−0⅛	0	10.77
Euratom 8 87 LuxFr	500	85⅛	86⅛	−0⅛	+0⅛	11.11
Euratom 9¾ 88 LuxFr	500	96⅛	97⅛	0	−0⅛	10.32
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	−0⅛	0	10.16
Volvo 9¾ 87 LuxFr	500	94⅛	95⅛	−0⅛	0	10.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	97¾	98¼	2/1	10.44	10.65
Bank of Ireland 5¾ 89	§0¼	98¼	98¾	21/11	11⅛	11.56
Bank of Tokyo 5¼ 89	§0¼	97½	98	25/10	9¾	9.46
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	§0¼	97¾	98¼	29/11	12⅛	12.52
Bilbao Int. N/V 5¾ 90	0¼	97⅜	97⅞	29/11	10.06	10.32
Citicorp O/S F. 83	§0	99	99½	23/11	11.44	11.52
Citicorp O/S F. 84	§0	99⅛	99⅝	30/10	13⅛	13.21
C. Itoh 5¾ 87	0¼	98⅜	98⅞	18/3	12⅞	12.89
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§0¼	97⅞	98⅜	14/12	12.06	12.29
CNT 5¾ 86	§0¼	99⅛	99⅝	16/10	18⅛	18.22
GZB 5½ 89	§0¼	98⅛	98⅝	1/11	9.81	9.98
Jugobanka 8 89	0⅞	91½	93½	23/11	11⅛	12.53
Ind. Bank Japan 5¾ 87	0¼	98⅞	99⅛	15/4	13.31	13.43
Lloyds Eurofin 8 90 £	0⅜	96⅜	97⅛	3/1	15⅝	16.24
LTCB Japan 5¾ 86	0¼	98½	99	13/12	9⅝	9.75
Mfrs. Han. O/S 5¾ 94	§0¼	97⅞	98⅜	30/11	12⅛	12.37
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.69
Midland Intl. Fin. 5¼ 92	0¼	97⅞	98	5/12	10⅞	11.13
Nacional Fin. 6¼ 86	0¼	97½	98	25/1	9.69	9.91
Nat West 5¾ 94	§0¼	98⅛	98⅝	11/4	13⅛	13.47
Nippon Credit 6½ 86	0¼	97⅛	97⅝	12/1	9.56	9.82
Nippon Credit 5¼ 87	§0¼	98⅛	98⅝	6/11	10⅞	11.04
Royal Bk. Scot. 5¾ 94	§0¼	98⅛	98⅝	11/1	13⅛	13.40
Soc. C. de Bque. 6½ 87	0¼	98⅛	98⅝	3/4	14	14.23
Standard Chart. 5¾ 90	0¼	98⅛	98⅝	6/3	12.06	12.26
Svenska Hndlsbk. 5 87	0¼	98	98½	15/1	10	10.18
Sweden 91	§0¼	97⅜	97⅞	18/10	9.56	9.82
Williams & Glyn 5¾ 91	0¼	98⅛	98⅝	14/3	12.44	12.63
Bq. ext. d'Alg. 4¾ 89 SF	0⅜	†89	90	18/12	6⅛	6.84

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7¼ 95	2/80	616.5	125⅞	126⅞	−4¾	−4.10
Apache I. Fin. 8¾ 95	12/80	21.12	†160	161	+7	−5.16
Blocker Energy 8¾ 95	1/81	21.87	114	115⅛	+0⅛	−4.04
Credit Suisse 4¾ 93	10/79	1278	121⅛	123⅛	+1⅛	−2.78
DDKK 11 90	4/80	324	107⅛	108⅛	−0⅛	14.49
Digicon Fin. 8¾ 95	10/81	29.5	103⅛	104⅛	+3⅛	2.88
Dynolectron 9½ 95	8/80	12.22	†117	118	0	3.45
Ensearch Fin. 9¼ 94	7/80	30.25	150	151	+8½	−0.20
Hanson O/S Fin. 9½ 95	1/81	1.92	95⅛	96	−0⅛	2.81
Hutty Int. Fin. 8½ 95	12/80	23.25	96½	97½	−0⅛	16.37
INA Overseas 8½ 2000	4/81	42	102⅛	103⅛	+1⅛	4.80
Inchcape Ltd. 8 95	2/81	4.65	106⅛	107	−0⅛	−2.10
JACCS 7¾ 95	11/80	565	107⅛	108⅛	−0⅛	7.81
Marion Int. Fin. 9 95	12/80	23.25	101⅛	102⅛	+0⅞	9.30
MEPC 8¾ 96	2/81	2.47	105⅛	106⅛	−0⅛	6.41
Nissho Iwai Co. 8 95	10/80	398	99⅛	100⅛	0	−3.00
Ricoh 6¾ 95	8/80	604	111⅛	112⅛	0	0.42
SBC 6¾ 90	9/80	200	99⅛	100⅛	−0⅛	5.49
Taylor Woodrow 8¾ 90	1/81	4.94	97½	98⅛	−0⅛	6.55
Tricorp. 8½ 95	12/80	31.25	102	103	+0⅛	22.67
Union Bk. Switz. 5 89	2/80	121.4	100	101⅛	+1⅛	−0.60
Fujitsu 5 84 DM	7/79	475	128	129	−1⅛	11.72
Sharp Corp. 5½ 88 DM	9/80	695	124⅛	125⅛	−2½	−2.62
Uny Co. 6¼ 85 DM	11/79	1071	96⅛	97⅛	+0⅛	15.14

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tough going for Colgate Palmolive

By Our New York Staff

COLGATE-PALMOLIVE, the large consumer products group, reports a sharp drop in third quarter profits, but Chesebrough-Pond's, the cosmetics group, continued its rapid growth.

Colgate's earnings from continuing operations in the third quarter were down from $59.9m in 1979 to $51.6m this year.

Sales for the third quarter, however, increased 14 per cent to $3.8bn while those for the first nine months increased 14 per cent to $1.3bn. The largest gains came from Colgate's western hemisphere division and from Kendall Household Products.

Cheseborough-Pond's had excellent results from all its seven operating divisions. Net profits in the third quarter were $37m, up 24 per cent on last year, or $1.14 per share compared with $0.92. Quarterly sales rose 18.6 per cent to $402m. In the first nine months of the year net profits were 22 per cent up at $81.2m or $2.51 per share compared with $2.06. Sales rose 18.1 per cent to $1.03bn.

Libbey-Owens down

NET EARNINGS at Libbey-Owens-Ford, which provides more than two-thirds of General Motors' glass requirements, dropped from $7.1m to $4.93m in its third quarter after a loss in its glass division. Earnings per share were 34 cents against 54 cents and revenues $276.6m, up by only $1.6m.

Chemical groups show sharp decline

BY OUR NEW YORK STAFF

TWO LEADING U.S. chemical companies, Dow Chemicals and Celanese Corporation, yesterday announced sharp profit drops in the third quarter but both insisted that the U.S. economy had turned the corner to recovery in August.

Dow, the country's largest producer of basic chemicals, said that third-quarter net profits had fallen 19 per cent to $161m, or $1.09 per share. Sales had risen 4 per cent to $2.52bn, but the increase was the result of higher prices on a lower sales volume. Plant use fell from an optimal 85 per cent of capacity at the beginning of 1980 to 65 per cent by July, but has now recovered to 75 per cent.

Mr. G. J. Williams, financial vice-president of Dow, said yesterday: "The recovery began in August and has been sharper than we had anticipated." However, he said that the group, which sells half of its products abroad, had found business activity in Europe down during the third quarter. He added the war between Iran and Iraq had stabilised chemical and plastic prices and caused naphtha prices to rise.

For the first nine months sales totalled $7.85bn, up 15.3 per cent on 1979, and net profits were $562m, down 9.5 per cent. Profits per share fell from $3.25 to $3.09, slightly more than market expectations.

Celanese, the fibre and petrochemical producer, reported sales up 1 per cent at $785m in the third quarter, and net profits down from $37m, or $2.47 per share, to $21m, or $1.43 per share. Part of the loss was caused by costs incurred in closing one plant in preparation for a possible hurricane. But it also suffered from low demand from the automotive and housing industries, and to a lesser extent, for clothing. However, the company's U.S. polyester fibre business was profitable for the first time for several quarters.

Allied Chemicals, meanwhile, yesterday confirmed its increasing dependence on profits from North Sea oil and Indonesian gas when it announced an increase of third quarter profits to $66m — up from the $19m earned from continuing operations in 1979—but said that 90 per cent of its operating profit came from its oil and gas.

The company said that improved third quarter earnings from chemicals, fibres and oil and natural gas had more than offset the effect of the recession on plastics and automotive related products. Third quarter sales were up 6 per cent to $1.3bn. Nine month profits were $207.5m, compared with a net loss of $56.6m last year when $163.2m had been written off.

Westinghouse buy Teleprompter

BY IAN HARGREAVES IN NEW YORK

WESTINGHOUSE ELECTRIC, the large electrical equipment and nuclear power company, is to take over Teleprompter, the largest contender in the expanding U.S. market for cable television in an agreed merger worth $646m.

In a joint announcement by the chairmen of the two companies, Teleprompter and Westinghouse said the intention would be for Teleprompter to remain operationally distinct, with Mr. J. K. Cooke remaining as chairman and chief executive.

Teleprompter will, however, forge close operating ties with Westinghouse Broadcasting, the Westinghouse subsidiary which makes television programmes and owns a large number of radio and television stations around the U.S. The subsidiary also owns some cable television operations in the south eastern U.S., but these would probably have to be divested, at least in part, in order to secure Federal Communications Commission approval for the merger.

Last year, Westinghouse Broadcasting accounted for 8.5 per cent of the parent company's $7.3bn worldwide sales and almost 13 per cent of its operating profits.

Teleprompter, which was taken to the verge of financial disaster by a string of annual losses between 1973 and 1975, has, under the leadership of Mr. Cooke, advanced to become the nation's largest cable TV company, with 1.3m subscribers. Last year it earned $19.3m on sales of $175m.

Teleprompter, however, is faced with a need for substantial capital spending as it expands its network and its interests in pay TV operations — a need which the link with Westinghouse is clearly designed to assist.

Westinghouse has already secured the agreement that Mr. Cooke and the Wrather Corporation will sell their combined 30 per cent stake in Teleprompter to Westinghouse. Mr. Cooke said: "Westinghouse's stature in the broadcasting industry guarantees service of the highest quality for Teleprompter's growing number of subscribers."

Hefty loss at Pullman

By Our Financial Staff

J. RAY McDERMOTT has sold its 512,355 shares of Pullman at $56 each. No other details were given. McDermott was the loser in a bid contest for Pullman with Wheelabrator-Frye.

On Wednesday, McDermott said it was withdrawing its $274m tender offer for 6.3m shares in Pullman.

In Chicago, Pullmann, the railcar manufacturer reported a third quarter loss of $30.4m including an additional pre-tax loss provision of $31m on its Pullman Swindell divisions foreign contracts and $21m of expenses related to its anticipated merger with Wheelabrator-Frye.

AMERICAN QUARTERLIES

ALBERTO-CULVER	1980 $	1979 $
Fourth quarter		
Revenue	65.5m	52.1m
Net profits	1.31m	1.05m
Net per share	0.34	0.25
Year		
Revenue	232.0m	190.0m
Net profits	4.47m	3.67m
Net per share	1.12	0.88

BANCAL TRI-STATE	1980 $	1979 $
Third quarter		
Net profits	4.75m	5.41m
Net per share	1.01	1.20
Nine months		
Net profits	15.33m	15.28m
Net per share	3.29	3.40

BELDEN	1980 $	1979 $
Third quarter		
Revenue	82.36m	72.23m
Net profits	3.07m	2.89m
Net per share	0.88	0.94
Nine months		
Revenue	252.61m	216.93m
Net profits	9.41m	8.79m
Net per share	2.77	2.85

BORDEN	1980 $	1979 $
Third quarter		
Revenue	1.15bn	1.09bn
Net profits	43.64m	38.89m
Net per share	1.40	1.25
Nine months		
Revenue	3.49bn	3.17bn
Net profits	113.97m	104.7m
Net per share	3.65	3.37

CONTINENTAL CORPORATION	1980 $	1979 $
Third quarter		
Net profits	49.7m	79.1m
Net per share	0.97	1.47
Nine months		
Net profits	166.1m	209.7m
Net per share	3.22	3.90

CRANE	1980 $	1979 $
Third quarter		
Revenue	383.4m	427.7m
Net profits	10.3m	17.0m
Net per share	1.01	1.67
Nine months		
Revenue	1.14bn	1.17bn
Net profits	31.0m	41.6m
Net per share	3.02	4.07

GANNETT	1980 $	1979 $
Third quarter		
Revenue	296.8m	261.5m
Net profits	36.4m	32.1m
Net per share	1.01	0.90
Nine months		
Revenue	878.3m	769.5m
Net profits	104.1m	92.5m
Net per share	2.89	2.59

CROUSE-HINDS	1980 $	1979 $
Third quarter		
Revenue	98.2m	91.9m
Net profits	7.24m	5.83m
Net per share	0.57	0.47
Nine months		
Revenue	304.1m	275.8m
Net profits	23.01m	18.66m
Net per share	1.84	1.53

DUN & BRADSTREET	1980 $	1979 $
Third quarter		
Revenue	284.9m	245.0m
Net profits	24.99m	20.89m
Net per share	0.89	0.75
Nine months		
Revenue	864.9m	687.9m
Net profits	76.23m	65.87m
Net per share	2.73	2.36

GENERAL PORTLAND	1980 $	1979 $
Third quarter		
Revenue	80.2m	80.5m
Net profits	7.29m	9.4m
Net per share	1.06	1.36
Nine months		
Revenue	227.3m	200.2m
Net profits	20.81m	19.47m
Net per share	3.01	2.83

KAISER RESOURCES	1980 $	1979 $
Third quarter		
Revenue	110.1m	96.5m
Net profits	12.8m	8.7m
Net per share	0.71	0.32
Nine months		
Revenue	273.7m	294.5m
Net profits	26.4m	34.4m
Net per share	1.30	1.28

KOPPERS	1980 $	1979 $
Third quarter		
Revenue	554.9m	517.6m
Net profits	23.26m	35.52m
Net per share	0.85	1.36
Nine months		
Revenue	1.42bn	1.32bn
Net profits	43.39m	64.44m
Net per share	1.60	2.46

LONE STAR	1980 $	1979 $
Third quarter		
Revenue	252.8m	227.6m
Net profits	22.3m	23.9m
Net per share	1.97	2.28
Nine months		
Revenue	684.6m	570.0m
Net profits	43.3m	39.7m
Net per share	3.86	3.60

McGRAW-HILL	1980 $	1979 $
Third quarter		
Revenue	272.7m	242.7m
Net profits	28.77m	25.42m
Net per share	1.16	1.03
Nine months		
Revenue	714.5m	617.1m
Net profits	61.52m	55.02m
Net per share	2.48	2.22

MOTOROLA	1980 $	1979 $
Third quarter		
Revenue	743.2m	661.5m
Net profits	46.6m	38.5m
Net per share	1.49	1.24
Nine months		
Revenue	2.3bn	1.95bn
Net profits	136.9m	118.0m
Net per share	4.39	3.80

NORTHWEST INDUSTRIES	1980 $	1979 $
Third quarter		
Revenue	708.7m	661.4m
Net profits	38.5m	42.6m
Net per share	1.25	1.45
Nine months		
Revenue	2.05bn	1.69bn
Net profits	100.6m	123.7m
Net per share	3.25	4.02

OLIN	1980 $	1979 $
Third quarter		
Revenue	429.1m	428.1m
Net profits	12.15m	10.79m
Net per share	0.51	0.46
Nine months		
Revenue	1.39bn	1.34bn
Net profits	61.39m	55.63m
Net per share	2.56	2.33

OWENS-CORNING FIBERGLASS	1980 $	1979 $
Third quarter		
Revenue	569.1m	592.3m
Net profits	12.51m	27.42m
Net per share	0.41	0.90
Nine months		
Revenue	1.86bn	1.62bn
Net profits	29.3m	76.95m
Net per share	0.96	2.53

PARKER DRILLING	1980 $	1979 $
Fourth quarter		
Revenue	104.0m	78.9m
Net profits	12.33m	8.92m
Net per share	0.95	0.69
Year		
Revenue	383.1m	304.8m
Net profits	39.79m	35.97m
Net per share	3.07	2.79

PFIZER	1980 $	1979 $
Third quarter		
Revenue	759.4m	683.9m
Net profits	67.3m	64.6m
Net per share	0.92	0.88
Nine months		
Revenue	2.2bn	2.0bn
Net profits	190.3m	179.3m
Net per share	2.60	2.46

PPG INDUSTRIES	1980 $	1979 $
Third quarter		
Revenue	765.3m	764.3m
Net profits	47.6m	56.5m
Net per share	1.44	1.74
Nine months		
Revenue	2.32m	2.29m
Net profits	142.2m	163.8m
Net per share	4.32	5.09

REYNOLDS METAL	1980 $	1979 $
Third quarter		
Revenue	913.7m	829.1m
Net profits	36.6m	35.0m
Net per share	1.88	1.82
Nine months		
Revenue	2.75bn	2.46bn
Net profits	146.8m	132.7m
Net per share	7.60	6.94

SEABOARD COAST LINE	1980 $	1979 $
Third quarter		
Revenue	610.8m	536.1m
Net profits	46.6m	30.8m
Net per share	3.10	2.06
Nine months		
Revenue	1.83bn	1.58bn
Net profits	125.4m	87.3m
Net per share	8.37	5.85

SUNDSTRAND	1980 $	1979 $
Third quarter		
Revenue	220.5m	202.2m
Net profits	19.22m	16.33m
Net per share	1.12	1.06
Nine months		
Revenue	635.5m	622.4m
Net profits	56.51m	47.04m
Net per share	3.28	2.96

TRANE	1980 $	1979 $
Third quarter		
Revenue	204.7m	149.6m
Net profits	8.76m	1.7m
Net per share	0.56	0.18
Nine months		
Revenue	587.6m	473.2m
Net profits	27.28m	18.13m
Net per share	2.68	1.74

TRANSAMERICA	1980 $	1979 $
Third quarter		
Revenue	1.07bn	1.09bn
Net profits	63.48m	65.45m
Net per share	0.97	1.01
Nine months		
Revenue	3.25bn	2.97bn
Net profits	186.57m	184.94m
Net per share	2.86	2.82

Saab forecasts decline despite interim advance

BY WESTERLY CHRISTNER IN STOCKHOLM

SAAB-SCANIA, the Swedish automotive and aerospace group, reports pre-tax earnings of SKr 596m ($143.2m) for the first eight months of this year, an increase of SKr 70m, but does not expect that profits for the full year will match last year's SKr 961m.

Earnings per share rose at the end of the eight months to SKr 17.90 from SKr 15.40. Pre-tax profits corresponded to 6.7 per cent of sales at the end of August compared with 5.4 per cent in the 1979 period. The spring labour disruption is said to have cost SKr 60m in profits.

Group sales during the eight months increased by 2 per cent to SKr 8.6bn, of which SKr 4.7bn came from foreign markets.

The interim report says earnings during the final four months of the year will be lower than for the corresponding period in 1979. The expected 1980 profit shortfall is partially attributed to dampened automobile demand.

The eight-month earnings advance was largely attributable to the Scania truck and bus division, which returned a 12 per cent sales increase to SKr 4bn. During this time 16,500 trucks and buses were delivered compared with 15,700. However, the company says the order intake at the end of the period was "somewhat lower" than a year earlier. For all of 1979 Scania turnover reached SKr 5.9bn.

An 11 per cent sales drop was recorded at the Saab car division. During the eight months turnover reached SKr 2.27bn, down from SKr 2.54bn, with 43,800 units delivered compared with 55,900. Sales of the 900 series, however, including the Turbo models, showed a continued increase, it is stated, while sales of other models fell. For last year as a whole, car sales reached SKr 3.8bn. No divisional profit figures are given.

The aerospace division saw a sales rise of 7 per cent to SKr 585m during the eight months. In January, Saab Aerospace signed an agreement with Fairchild Industries of the U.S. to build a new commuter aircraft, designated the Saab-Fairchild 340. First deliveries are due in 1984.

Swedish groups in coal trade move

By William Dullforce in Stockholm

SWEDEN'S Axel Johnson group and Svenskt Stål (SSAB), the Swedish steel company, are negotiating a merger of their coal and steel trading interests. Together they would become the leading coal importer at a time when power utilities are planning to build more coal-fired plants and would dominate the Swedish steel stockholding market.

SSAB already the biggest importer of metallurgical coal to Sweden, wants to expand into coal for domestic and industrial heating. The Axel Johnson group has a world-wide coal trading business.

Importing

The new joint company, Nordcoal, would compete with the coal importing company planned by LKAB, the state iron mining company, the state power board and Sydkraft, the south Swedish power company.

The state power board has submitted plans for a 600 MW coal-fired electricity plant on the east coast, which will require imports of 2.5m tonnes of coal a year, while Sydkraft is seeking permission to build another 600 MW coal-fied plant in the south. Both would come into operation in the late 1980s.

Steel

Shortly after its formation in 1978 with a 50 per cent state interest SSAB bought a half share in Ahlsell Stalgrossisten, a private steel merchant, with the option to buy the other half.

The intention now is for SSAB to exercise this option and to sell the second half to Axel Johnson Stoal, the Johnson group's steel trading subsidiary, specialising in tubes and special steels.

Last autumn SSAB bought Sweden's largest steel stockholder, Tibnor. Ahlsell grossisten and Tibnor have a combined turnover of around SKr 4bn ($964m) while Axel Johson Stoal had sales of SKr 240m last year.

Acquisitions aid L'Oreal growth

BY TERRY DODSWORTH IN PARIS

L'OREAL, the French cosmetics hair products and pharmaceuticals company, raised its by 28.6 per cent i nthe first six months of this year, after the integration of two concerns new to the group, Metabio Joullie and Societe d'Hygiene Dermatologique de Vichy. Operating profit was FFr 405m while net income came at 32 per cent higher at FFr 188m.

Turnover also rose strongly, going up by 31 per cent from FFr 3.3bn to FFr 4.3bn ($1bn), but the company stresses that, on an identical basis, the progression would only have been about 14.2 per cent.

L'Oreal, which has been expanding rapidly in the last two years, and has a big programme of overseas development in course, says that the slightly lower rate of improvement in profits compared with turnover was partly attributable to a decline in the growth experienced in the pharmaceuticals sector. In addition, it incurred some exceptional costs in the takeover of Metabio Joullie.

The cosmetics side of the business grew at a rate roughly in line with the overall increase in sales. This progression was because of an improvement in performance in overseas markets, compared with French activities.

Dow Banking plans public issue

BY JOHN WICKS IN ZURICH

DOW BANKING CORPORATION, the Swiss based merchant bank, is to go public through the issue of around 25 per cent of its capital.

Owned by Dow Chemical Company of the U.S., Dow Banking is the biggest U.S.-owned bank in Switzerland. It has assets exceeding SwFr 2bn ($1.21bn) and net profits last year amounted to SwFr 11.8m.

The public offer will consist of 60,000 fully-paid bearer shares (nominal value SwFr 500), of which 20,000 shares represents new capital. Subscription will be open from October 24 to November 5. The price has yet to be set.

According to Mr. Leslie G. Merszei, the Dow Banking president and chief executive, the bank "has ambitious growth targets which entail further capital increases." The broadening of the shareholder base opens up a new source of equity finance, he added.

Future plans include the opening of offices in Singapore and Miami, as well as a new joint-venture bank in London. Recently, new operations have been set up in Hong Kong, Buenos Aires and Bogota.

● Sandoz, the Swiss chemical group, has successfully concluded negotiations with the Dutch seeds company, Zaadunie for the purchase of a majority shareholding.

The move marks a further expansion through acquisition of the Sandoz seeds division. With a 1979 turnover of SwFr 376m ($230m) the division has up to now been based primarily in the U.S.

ICI Australia to raise project loan of A$230m

BY SUE CAMERON IN LONDON AND JAMES FORTH IN SYDNEY

A CONSORTIUM of Australian banks and financial institutions has arranged a A$230m ($271m) loan for ICI Australia, the local offshoot of Imperial Chemical Industries. The money will be used to build a 250,000 tonnes a year ethylene plant at Botany near Sydney.

The loan is the largest domestically funded project financing yet undertaken.

ICI Australia announced the project last year. The ethylene plant — ethylene is the so-called building block of the chemical industry — is to be part of a A$400m expansion of the Botany complex which will include plastic raw materials and other base chemicals.

The loan for the new plant has been arranged by the Australian Resources Development Bank, the Australian Industry Development Corporation, the Bank of New South Wales, the National Bank of Australasia, ANZ Banking Group, Commonwealth Trading Bank and the Australian Mutual Provident Society (AMP). Earlier this year ICI raised A$60m through a debenture issue.

The finance for the project is being provided to Olefines Pty., a company jointly owned by ICI Australia and the AMP. Olefines Pty. will own the plant and lease it to ICI Australia operations Pty, a wholly owned subsidiary of ICI Australia.

The structure of the financing was developed by ICI in consultation with its adviser, Hill Samuel Australia.

Australian ethylene output is currently about 250,000 tonnes to 260,000 tonnes.

HONG KONG SHARES

Small investors ride a bull market

BY OUR HONG KONG CORRESPONDENT

NEW FACES are crowding into the visiting galleries of Hong Kong's four stock exchanges. Hong Kong's stock market is still a preserve of the individual investor with a bent for taking risks, and since the risks have proved extremely rewarding this year, a flood of new speculators has poured in to create a bull market that is feeding on itself.

From its low for the year of 738.92, on March 19, the Hang Seng Index has climbed steadily to close last week at a seven-year record of 1357.18, a gain of 84 per cent, and has risen to 1,430 this week

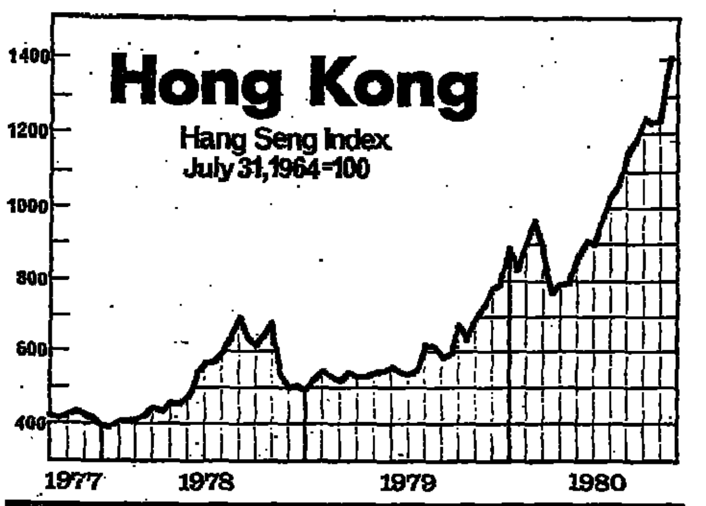
Daily turnover on the Hong Kong market has climbed from a low for the yea rof HK$60m to a one day record last month of HK$774m and an average in recent trading of more than HK$600m (U.S.$120m).

An instance of the way things have moved is that Carrian Investments, a property trading company bought earlier this year by undisclosed South East Asian interests, has risen from its adjusted acquisition price of HK$3.75 to HK$16.60 where it stands at about three times net asset value and shows a historic price earnings multiple of 395.

Hongkong and Kowloon Wharf. 20m shares in which were bought by the shipping magnate, Sir Yue-Kong Pao in June at a HK$35 premium over the HK$70 market value to give his interests effective control jumped to a peak of HK$120 last week on the basis of an imminent 10 for one stock split and hopes that Sir Yue-Kong will make the company more active. It is has since fallen back a few dollars because of a complicated share swap that he organised but it still shows a price-earnings ratio of more than 70. and a dividend yield of barely over 1 per cent.

A strong gambling spirit has always pervaded the Hong Kong Stock market.

The same circumstances in 1973 caused a short-lived but spectacular bubble in which the Hang Seng Index shot up to 1770 and then crashed to a low the following year of 160, in the process wiping out the savings of thousands of householders. However the average p/e at the height of the bubble was near to 100, while it is now still below 20.



Underlying the boom is the fact that about 80 per cent of the assets in Hong Kong's publicly quoted companies are buildings and land. The real estate market has enjoyed a boom of its own because there is a shortage of land for the rapidly growing population and because the property market is underpinned by an economy still growing at over 10 per cent a year in real terms, long after the growth rate was forecast to start falling.

A 540,000 square foot office building which changed hands in January for HK$ 998m (U.S.$200m) was sold again in July for HK$ 1.6bn and the winning bid in a recent public tender for a piece of prime commercial land came to $HK 26,000 a square foot. As a neutral consequence, it has been the property stocks that have benefited the most from the bull market. Shipping and textiles have lagged behind.

Interest rates have had a major influence, as they have everywhere else, but their effect in Hong Kong is magnified by the predominance of property stocks. When the U.S. prime rate climbed this spring to its peak of 20 per cent, Hong Kong's minimum lending rate tagged along to 16 per cent, and the increased financing cost of prices meant that residential flats fell by more than 20 per cent. The Hang Seng Index followed suit by dropping 30 per cent, from a high in January of 963 to its mid-March low of 738, before relief came.

The speed of the rebound when interest rates began to fall was one of the main elements that pulled in the bulls who now have such a firm grip on the market.

The index broke through the 1,000 barrier on June 23 for the first time in seven years and daily turnover on the exchanges instantly doubled.

The rebound was helped by listed companies reporting by good performances.

The British-dominated hongs, or trading houses, did well. The exception was the Swire Pacific group, which suffered from increased fuel costs and foreign exchange troubles encountered by its airline, Cathay Pacific. Both Hutchinson Whampoa and Jardine Matheson overcame in 1979-80 the difficulties that had beset them in previous years.

But aside from purely corporate influences, observers also point to the growth rate of the money supply as a cause of the bull market. In the spring, M3 was growing at the already high annual rate of about 32 per cent, but in June it shot up to 40 per cent as a result of a flow of foreign funds into Hong Kong. However, it has maintained that 40 per cent growth rate in subsequent months, despite evidence that the inflow has now changed, to an outflow.

Companies have done their best to soak up the money. There have been four new public floats this year. against a total of three between 1973 and 1979, and almost every week sees a new rights issue or loan stock.

After years of waiting for the market to move, Hutchison Whampoa announced a HK$600m convertible loan stock in August. It was followed by Hongkong Electric in September with a HK$785m rights issue of ordinary shares to finance construction of a new generating plant, and this month, by Jardine Matheson with a HK$1bn convertible loan stock to pay off bank debts raised to buy more Hongkong Land shares. None of these have created more than a slight hiccup in the upwards movement of the index.

"People aren't even talking about 1,500 anymore. They're talking about 1,700, 1,800 and 2,000 and they'll probably get it if only because that's what they believe," says one broker.

With talk of that nature, investors are beginning to look over their shoulders to 1973. Now, as then, the big question has become when to get out.

Demand for Regal Hotels offer

REGAL HOTELS (HOLDINGS), a new hotel-owning company which has offered 160m shares to the public at HK$ 1.90 a share, has enjoyed a massive support for the issue of a kind not seen in Hong Kong since 1973. It is estimated to have been 10 times over-subscribed, according to Wardley, the underwriter, although the final count will not be finished until next week. This gives total subscriptions of some HK$ 3bn (US$ 600m).

Regal Hotels is easily the largest new float in Hong Kong since 1973. Although an issue earlier this year, by Ka Wah Bank, was 22 times over-subscribed, it was one of HK$ 45.5m. The two other companies floated this year, Wing Lung Bank and Remy Martin (Far East) managed to pull in only fractional over-subscriptions.

Regal Hotels is a subsidiary of another Hong Kong property company, Great Eagle, and its principal assets are two hotels which together will have a total of 1,000 rooms but are still under construction. They are scheduled for completion in 1982 and will be managed by a subsidiary of Air France.

Stock market sources attribute the response of investors to the prevailing bullish mood on the market

Several listed companies, including Hutchison Whampoa and Jardine Matheson, have already taken advantage of bullish sentiments to retire their floating rate debts by issuing large convertible loan stock

The HK$ 3bn or more the public appears to have tendered for shares in Regal Hotels compares with the record of HK$ 5bn tendered in 1973 for Union Bank, an issue that was 84 times over-subscribed.

Pioneer Electric plans share issue outside U.S.

BY YOKO SHIBATA IN TOKYO

PIONEER ELECTRIC Corporation the electric appliance concern is to increase its paid-up capital by offering 8m new shares of its common stock outside the U.S. The date of payment for the new shares has been set for December 24.

Pioneer intends to apply the proceeds of the issue to increase investment in manufacturing facilities for home and mobile audio products and interactive cable television, expansion of research and development facilities, and investment in subsidiaries.

The company is also to make a scrip issue to shareholders as at September 30, 1981, at the rate of one new share to each four held.

Pioneer unconsolidated operating profits in the fiscal year ended September 30, appear to have reached Y29.5bn ($140m), up 31 per cent on the year on sales of Y220bn, up 21 per cent.

Consolidated Plantations faces setback

By Wong Sulong in Kuala Lumpur

CONSOLIDATED Plantations, the biggest of Sime Darby's plantation subsidiaries, has told shareholders that unless there is a strong recovery in commodity prices, its earnings for the current year, ending June, 1981, will be lower than the previous year. It said that 40 per cent of the current year's production had been sold "at prices significantly below last year's levels."

Earlier, the other Sime plantation subsidiaries, Kempas Benta and Taiping Consolidated, had made similar forecasts based on softer commodity prices.

For the year ended June Consolidated Plantations improved its pre-tax profit by 7.4 per cent to a record 99m ringgit (US$47m)

In its annual report, the company said new land development at Segaliud in Sabah and Hadapan Estate in Johore was progressing well. The first commercial crop of cocoa from Gegaliud Estate would be harvested in the current year, while oil palm at Hadapan was showing "vigorous growth."

However, the company's experience with cocoa planting on its west Malaysian estates had been a disappointment, with low yields, coupled with the very sharp fall in prices in the past two years. The company had therefore decided that future cocoa cultivation should be concentrated in Sabah, where yields were much better, because of good soils.

Chartered Bank offers S$ bond

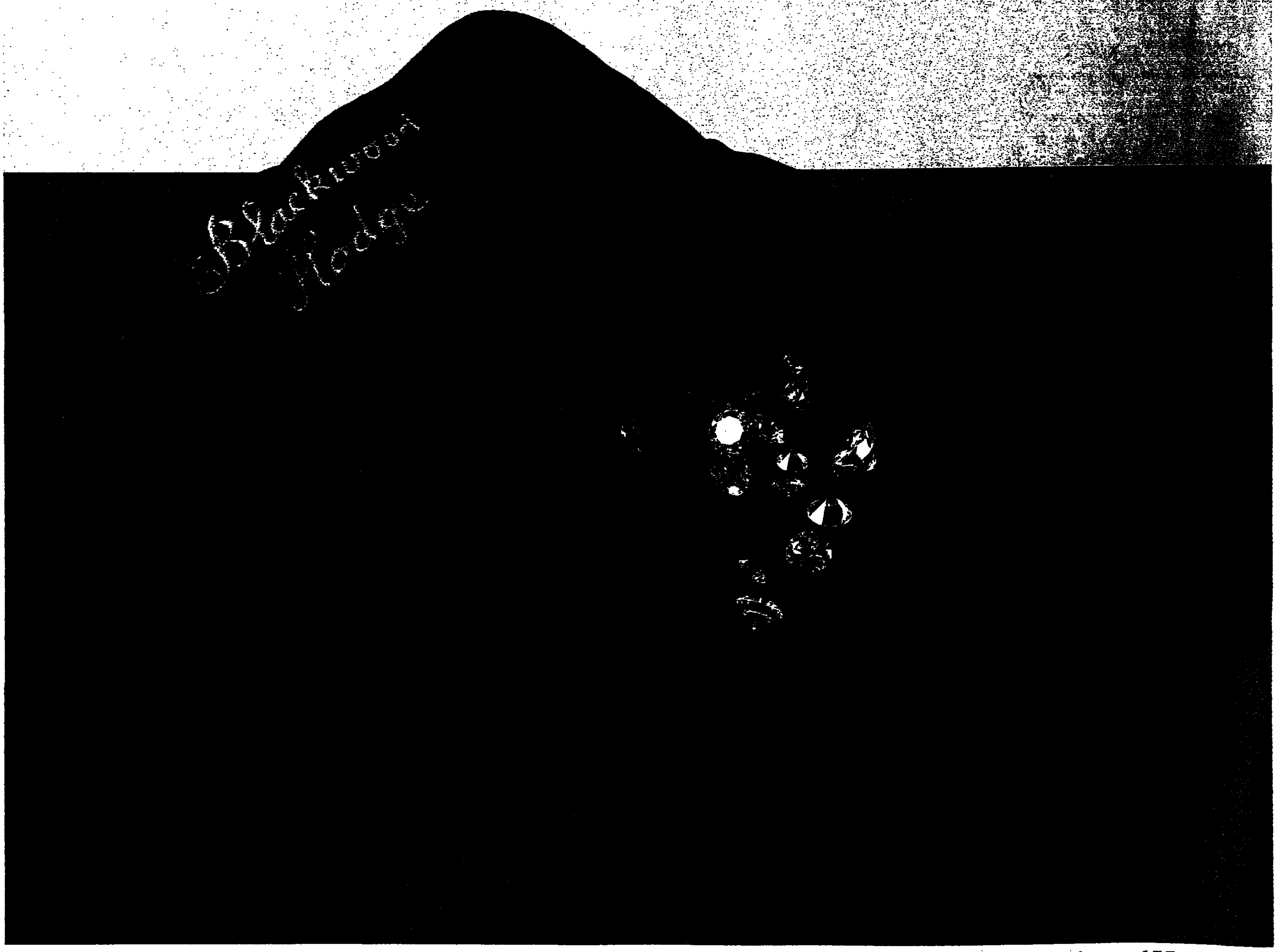
By Our Financial Staff

CHARTERED BANK will make a S$50m (U.S.$24m) seven-year bond issue through its wholly owned subsidiary Chartered Financial Services Singapore. It expects a 10 per cent coupon.

The management group consists of Standard Chartered Merchant Bank Asia Development and Bank of Singapore as joint lead manager, Barque Nationale de Paris (Se Asia) and United Overseas Bank.

This is the first time a commercial bank has directly tapped the Singapore dollar bond market which is predominantly a government securities market.

Like diamonds, we're forever.



For more than thirty years, we have been supplying excavators, scrapers and trucks in over fifty countries, spread throughout five continents.

However, that's just the start of it.

You see, we didn't become the world's largest distributor of earthmoving equipment by sitting on our backsides waiting for it to happen.

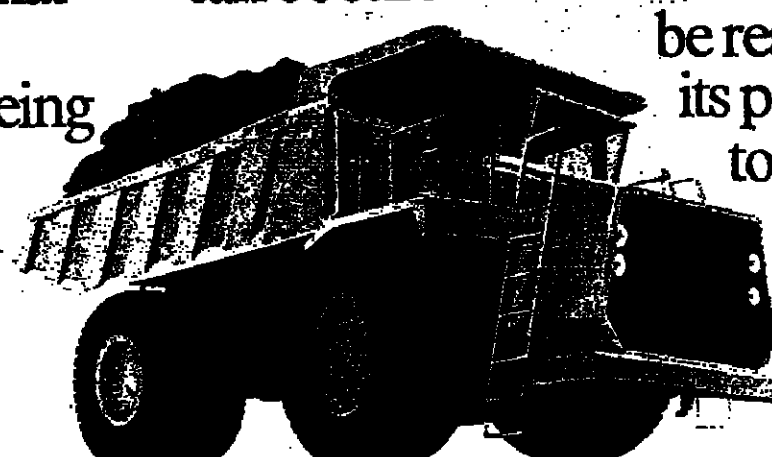
We have always had a policy of imaginative expansion, coupled with the kind of round the clock service that many of our competitors envy.

Much of the world is still being developed.

Many countries are poised to emerge into a world of high technology with ambitious developments of major social significance.

Whether it's ten, twenty or fifty years from now, you can be sure that Blackwood Hodge will be ready to play its part in helping to build a better world.

Our word is our Bond.



BLACKWOOD HODGE

The world's largest distributor of earthmoving equipment.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling strong

Sterling and the dollar were firm in the foreign exchange market yesterday, while the D-mark was generally weak. Speculation about changes in interest rates in Germany and the UK led to nervous trading, but in the event there were no changes in Bank of England Minimum Lending Rate or the Bundesbank's key lending rates. The pound's trade-weighted index rose to its highest closing level for 5½ years, at 77.0, compared with 76.6 previously, after opening at 76.7, and easing to 76.6 at noon.

Sterling opened at $2.4090-$2.4100, and fell to a low of $2.4050-2.4060 in early trading. It recovered to $2.4080-2.4090 at noon, and closed at the day's high of $2.4170-2.4180, a rise of 1 cent on the day.

The dollar roese to DM 1.8285 from DM 1.8245 against the D-mark, to SwFr 1.6490 from SwFr 1.6470 in terms of the Swiss franc, and to Y208.10 from Y207.20 against the Japanese yen. On Bank of England figures, the dollar's index rose to 83.7 from 83.5.

D-MARK — One of the weaker members of the European Monetary System, and lower against the dollar on firmer U.S. interest rates. The German currency is around a four year low against sterling, and its lowest level against the dollar since April — The D-Mark lost ground against most of its EMS partners at the Frankfurt fixing, but improved against the dollar, sterling and the Japanese yen. The Bundesbank did not intervene when the dollar was fixed at DM 1.8235, compared with DM 1,8333. The U.S. currency declined from an opening level of DM 1.8255 however, following news that the German authorities had left the discount and Lombard rates unchanged at yesterday's central council meeting. Although the Buundesbank did announce measuures to improve domestic liquidity this had little influence on foreign exchange trading. The French franc, Danish krone, and Belgian franc were firmer, but outside the EMS sterling fell to DM 4.3940 from DM 4.4010.

ITALIAN LIRE — Weakest member of the EMS, reflecting high inflation and balance of payments problems — The lira was firmer against the dollar, but weaker in terms of most other major currencies at the Milan fixing. Despite unease about the political and economic situation the Italian currency was quite firm against other members of the EMS, but sterling was fixed as a record high of L2,087.50, compared with L2,086.90 on Wednesday.

FRENCH FRANC — Showing renewed strength, and once again the strongest members of the EMS — The franc showed mixed changes at the Paris fixing, improving slightly against the D-mark, and lira, but losing ground to the Dutch guilder. Sterling was very firm, but the dollar declined. Later in the day it was announced that France's trade deficit in September widened to FFr 5.43bn from

JAPANESE YEN—Remaining firm, especially against the dollar, but still sensitive to possible oil supply disruptions as a result of the Middle East war. The yen has recently touched a 19-month high against the dollar, reflecting a fundamental improvement in the Japanese economy—The dollar improved against the yen in Tokyo yesterday, helped by speculation about a possible but in the Bank of Japan discount rate. The U.S. unit rose to Y207.80 from Y207.20, after opening at Y207.30. The lowest point touched was Y207.00, but later the dollar recovered to a peak of Y208.40, unaffected by news that Japan's custom cleared trade balance was surplus for the first time since July last year.

THE POUND SPOT AND FORWARD

Oct. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4050-2.4180	2.4170-2.4180	0.83-0.73c pm	3.87	1.68-1.58 pm	2.70
Canada	2.8030-2.8200	2.8180-2.8190	1.60-1.50c pm	6.60	3.20-3.10 pm	4.47
Nethlnd.	4.78-4.81	4.79-4.80	3-2c pm	6.26	7½-6½ pm	5.84
Belgium	70.20-70.95	70.80-70.90	35-25c pm	5.08	67-57 pm	3.50
Denmark	13.58-13.63	13.61¼-13.62¼	1¼-¼ore pm	0.83	⅛ pm-½ dis	−0.05
Ireland	1.1680-1.1795	1.1780-1.1790	0.33-0.24p pm	2.90	0.69-0.60 pm	2.19
W. Ger.	4.38-4.43	4.41¼-4.42¼	3¼-2¼pf pm	8.48	8¼-7¼ pm	7.23
Portugal	120.90-122.00	121.70-121.90	par-45c dis	−2.22	20-135 dis	−2.54
Spain	178.75-180.15	180.05-180.15	90-135c dis	−7.49	310-380 dis	−7.66
Italy	2,081-2,097	2,095½-2,096½	7½-9½lire dis	−4.87	39-42 dis	−7.73
Norway	11.72-11.81	11.80-11.81	6¼-5¼ore pm	6.03	11¾-9¼ pm	3.58
France	10.14-10.22	10.20½-10.21½	4¼-3¼c pm	4.99	10-9 pm	3.72
Sweden	10.04-10.11	10.10-10.11	1⅞-1ore pm	1.71	2-1⅛ pm	0.62
Japan	498-505	502¼-503¼	2.90-2.50y pm	6.44	7.15-6.75 pm	5.52
Austria	31.00-31.30	31.25-31.30	14-11gro pm	4.80	28-22 pm	3.20
Switz.	3.95-4.00	3.98½-3.99½	4½-3½c pm	12.03	10⅞-9⅞ pm	10.40

Belgian rate is for convertible francs. Financial franc 71.15-71.25. Six-month forward dollar 2.30-2.20c pm, 12-month 3.00-2.85c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4050-2.4180	2.4170-2.4180	0.83-0.73c pm	3.87	1.68-1.58 pm	2.70
Ireland†	2.0520-2.0605	2.0520-2.0540	0.20-0.10c pm	0.88	0.30-0.20 pm	0.49
Canada	1.1647-1.1662	1.1657-1.1660	0.23-0.19c pm	2.16	0.51-0.46 pm	1.65
Nethlnd.	1.9788-1.9855	1.9840-1.9850	0.62-0.52c pm	3.45	1.71-1.61 pm	3.35
Belgium	29.19-29.31	29.29-29.31	5-3½c pm	1.74	8-6 pm	0.95
Denmark	5.6125-5.6400	5.6375-5.6390	¼-1½ore dis	−2.13	3.35-3.85dis	−2.56
W. Ger.	1.8280-1.8325	1.8280-1.8290	0.73-0.69pf pm	4.66	2.12-2.07 pm	4.58
Portugal	50.20-50.35	50.20-50.30	15-30c dis	−5.37	40-85 dis	−4.97
Spain	74.35-74.55	74.46-74.51	60-75c dis	−10.87	170-195 dis	−9.80
Italy	865.30-868.00	867.50-868.00	5¾-6¾lire dis	−8.65	22-24 dis	−10.61
Norway	4.8790-4.8855	4.8825-4.8835	1.90-1.40ore pm	4.06	2.45-1.95 pm	1.80
France	4.2130-4.2275	4.2260-4.2275	0.57-0.47c pm	1.48	1.20-1.10 pm	1.09
Sweden	4.1735-4.1785	4.1735-4.1745	0.45-0.60ore dis	−1.51	1.85-2.00dis	−1.84
Japan	207.50-208.50	208.05-208.15	0.50-0.35y pm	2.45	1.45-1.30 pm	2.64
Austria	12.89½-12.94	12.93-12.94	1.70-1.10gro pm	1.30	3.25-1.50 pm	0.73
Switz.	1.6420-1.6530	1.6485-1.6495	1.23-1.18c pm	8.77	3.17-3.12 pm	7.63

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 16	Bank of England Index	Morgan Guaranty Changes %
Sterling	77.0	−28.8
U.S. dollar	83.7	−9.9
Canadian dollar	80.5	−17.4
Austrian schilling	153.1	+23.6
Belgian franc	114.1	+12.6
Danish kroner	105.1	−5.7
Deutsche mark	151.7	+42.0
Swiss franc	197.0	+82.0
Guilder	125.3	+19.7
French franc	100.1	−6.3
Lira	62.0	−51.8
Yen	137.6	+35.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.545054	0.578129
U.S. $	11	1.31200	1.38982
Canadian $	11.80	1.52848	1.62137
Austria Sch.	6¾	16.9917	17.9982
Belgium F	12	38.4613	40.7357
Danish K	12	7.38131	7.83374
D'mark	7½	2.40529	2.54546
Guilder	8½	2.60891	2.76827
French Fr.	9½	5.55566	5.88173
Lira	16½	1138.88	1206.02
Yen	8.25	271.715	288.388
Norwgn. Kr.	9	6.39075	6.78720
Spanish Pta.	8	97.7427	103.611
Swedish Kr.	10	5.48219	5.81155
Swiss Fr.	3	2.16834	2.29807

OTHER CURRENCIES

Oct. 16	£	$		£ Note Rates
Argentina Peso	4670-4690	1939-1946	Austria	31.00-31.30
Australia Dollar	2.0535-2.0575	0.8505-0.8510	Belgium	70.30-71.00
Brazil Cruzeiro	140.87-141.87	58.28-58.48	Denmark	13.45-13.55
Finland Markka	8.84½-8.86½	3.6705-3.6715	France	10.10-10.18
Greek Drachma	103.180-105.669	43.00-43.15	Germany	4.37-4.41
Hong Kong Dollar	12.08½-12.10½	5.0100-5.0120	Italy	2060-2175
Iran Rial	n.a.	n.a.	Japan	499-504
Kuwait Dinar (KD)	0.640-0.646	0.2672-0.2673	Netherlands	4.75-4.79
Luxembourg Frc.	70.80-70.90	29.29-29.31	Norway	11.72-11.82
Malaysia Dollar	5.1125-.1225	2.1200-2.1220	Portugal	116-126½
New Zealand Dlr.	2.4575-2.4625	1.0170-1.0185	Spain	173½-183½
Saudi Arab. Riyal	7.95-8.01	3.3200-3.3215	Sweden	10.00-10.10
Singapore Dollar	5.0150-5.0250	2.0795-2.0815	Switzerland	3.94½-3.98½
Sth. African Rand	1.8130-1.8155	0.7500-0.7510	United States	2.40¼-2.41¼
U.A.E. Dirham	8.84-8.90	3.6890-3.6905	Yugoslavia	72-76

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.7726	+2.47	+0.78	±1.53
Danish Krone	7.72336	7.83384	+1.43	−0.26	±1.64
German D-Mark	2.48208	2.54701	+2.62	+0.93	±1.125
French Franc	5.84700	5.38333	+0.62	−1.07	±1.3557
Dutch Guilder	2.74362	2.76195	+0.67	−1.02	±1.512
Irish Punt	0.668201	0.677576	+1.40	−0.29	±1.668
Italian Lira	1157.79	1205.47	+4.12	+2.61	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.418	4.423	503.3	10.21	3.990	4.795	2096.	2.819	70.85
U.S. Dollar	0.414	1.	1.829	208.2	4.223	1.650	1.983	867.0	1.166	29.51
Deutschemark	0.226	0.547	1.	113.8	2.309	0.902	1.084	473.9	0.637	16.02
Japanese Yen 1,000	1.987	4.804	8.788	1000.	20.29	7.928	9.528	4165.	5.601	140.8
French Franc 10	0.979	2.368	4.332	492.9	10	3.908	4.696	2053.	2.761	69.39
Swiss Franc	0.251	0.606	1.108	126.1	2.559	1.	1.202	525.3	0.706	17.76
Dutch Guilder	0.209	0.504	0.922	105.0	2.129	0.832	1.	437.1	0.588	14.78
Italian Lira, 1,000	0.477	1.153	2.110	240.1	4.871	1.904	2.288	1000.	1.345	33.80
Canadian Dollar	0.355	0.858	1.569	178.6	3.622	1.416	1.701	743.7	1.	25.14
Belgian Franc 100	1.411	3.412	6.242	710.3	14.41	5.632	6.768	2958.	3.978	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 13	offer 13 1/8	bid 12 15/16	offer 13 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18-18¼	12¾-13	6-7	9⅛-9⅜	¾-1	8⅜-8½	11⅝-11⅞	14-17	37½-37⅝	9½-10
7 days' notice	17-17½	12⅞-13⅛	8½-9½	9¼-9⅝	1½-1¾	8⅜-8½	11⅝-11⅞	19-21	12¾-12⅞	9¾-10
Month	16⅝-16¾	12¾-13⅛	10¼-10½	9⅜-9⅝	4½-4⅝	8⅛-8¼	11⅜-11⅝	21-22¼	12⅞-13	10-10¼
Three months	15⅞-16	13-13¼	10⅞-11⅛	9⅜-9⅝	5⅛-5⅜	8⅛-8⅜	11⅞-12⅛	23-24	12⅞-13	10-10¼
Six months	15⅛-15¼	13-13¼	11⅞-12⅛	9⅜-9⅝	5⅛-5⅜	8⅛-8⅜	12⅛-12⅜	23-24	12⅞-13	10-10¼
One Year	14⅛-14¼	12⅞-13⅛	11⅞-12⅛	9⅜-9⅝	5⅛-5⅜	8¼-8⅜	12⅛-12⅜	22½-23½	12⅝-12⅞	9¾-9⅞

Long-term Eurodollar two years 12⅝-12⅞ per cent; three years 12⅝-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.75-12.85 per cent; three-months 12.75-12.85 per cent; six-months 12.60-12.70 per cent; one year 12.30-12.40 per cent.

INTERNATIONAL MONEY MARKETS

German rates unchanged

Germany's key lending rates were left unchanged after yesterday's meeting of the central council in Berlin, after speculation earlier in the week that the authorities were contemplating a cut in the Lombard rate. However, the Bundesbank increased banks' rediscount quota by DM 3bn, and allowed a rise in private rediscounts of DM 500 to DM 3bn. However, according to Karl Otto Poehl, President of the Bundesbank, the authorities want to see a fall in German interest rates, in the long term, but may hold rates at present levels, in order to increase confidence in the D-mark. The latter has been very weak lately within the European Monetary System. On a wider outlook the West German authorities may also be looking for a cut in UK and U.S. interest rates before cutting its own lending rates.

In the money market yesterday call money was quoted at 8.95-9.05 per cent compared with 8.90-9.00 per cent on Wednesday.

In Paris the Bank of France offered to buy first category paper for value on October 21. Banks wishing to take advantage of the facility are to submit paper with maturity dates of November 1-10, November 11-15 or November 16-25. The amount involved and the rate will be announced some time on Monday.

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of help. This comprised moderate purchases of Treasury bills direct from the discount houses, and a small amount of local authority bills. The Bank also entered into another sale and repurchase agreement, involving a moderate sum of eligible bills. The help was completed with large loans to 8 or 9 houses at MLR, for repayment today. Markets factors all worked against the market, and included a small net take up of Treasury bills to finance, and a small excess of revenue transfers over Government disbursements.

In the interbank market overnight loans opened at 17¾-18 per cent and rose to 23-25 per cent before coming back to 18-19 per cent around noon. During the afternoon rates fluctuated between 16 per cent and 23 per cent before finishing at 15½-16 per cent.

GOLD

Quiet trading

Trading in the London bullion market was extremely quiet yesterday, and gold closed at $672-$675, a fall of $5 an ounce from Thursday. The metal opened at the same rate, and was fixed at $673.50 in the morning and $674.00 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 91,900 per kilo ($677.82 per ounce) in the afternoon, compared with FFr 92,250 ($680.52) in the morning, and FFr 92,460 ($679.13) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 39,450 per kilo ($673.03 per ounce), against DM 39,755 ($675.97) previously and closed at $673-675.

In Zurich gold finished at $673-676, against $677-680.

	Oct. 16		Oct. 15	
Gold Bullion (fine ounce)				
Close	$672-675	(£279¼-280½)	$677-680	(£281¼-282½)
Opening	$672-675	(£278-279¼)	$674-677	(£280-281¼)
Morning fixing	$673.50	(£279.669)	$676.25	(£280.648)
Afternoon fixing	$674.00	(£279.147)	$678.00	(£281.585)
Gold Coins				
Krugerrand	$694-696	(£278-289)	$696-698	(£289-291)
1/2 Krugerrand	$354-359	(£145-149)	$356-361	(£147-150)
1/4 Krugerrand	$179-183	(£72-76)	$181-185	(£74-77)
1/10 Krugerrand	$72½-75½	(£30½-32)	$73½-76½	(£30½-32)
Mapleleaf	$688-692	(£284½-287½)	$689-693	(£286½-289½)
New Sovereigns	$171-172	(£70¾-71½)	$171½-172½	(£71¼-72)
King Sovs	$192-194	(£79½-81)	$192-194	(£79½-81)
Victoria Sovs	$192-194	(£79½-81)	$192-194	(£79½-81)
French 20s	$170½-173½		$169-172	
50 pesos Mexico	$834-840		$838-841	
100 Cor. Austria	$656-660		$660-664	
$20 Eagles	$779-783		$780-784	

MONEY RATES

NEW YORK

Prime Rate	13¾-14
Fed. Fund	12¾-13
Treasury Bills (13-week)	10.86
Treasury Bills (26-week)	11.05

GERMANY

Discount Rate	7.50
Overnight Rate	9.00
One month	8.95
Three months	8.95
Six months	8.625

FRANCE

Discount Rate	9.5
Overnight Rate	11.375
One month	11.5625
Three months	11.8125
Six months	12.0625

JAPAN

Discount Rate	8.25
Call (Unconditional)	10.9375
Bills Discount (three-month)	11.15625

LONDON MONEY RATES

Oct. 16 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-25	—	—	—	—	15½-16	—	—	—
2 days notice	—	—	17¼-17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18-18¼	17-17¼	—	18	17½-18½	15½-15¾	—	—	—
One month	16⅞-16⅝	16⅝-16¾	16⅝-16¾	16¾-17	17	16⅝-17¼	15⅝	14⅝-14⅞	16½	16½
Two months	16¼-16⅛	16⅞-16⅞	—	16⅜-16⅝	16⅞	—	14¾-14⅞	14½	15¾	16¼
Three months	15¾-15⅝	16¾-16⅞	15⅞-15¾	15⅝-16	16⅛	15¾-16¼	14⅛	14¼-14⅞	16	15⅞
Six months	14¾-14⅞	14⅞-15	14⅞-14⅞	14⅝-14¾	15⅛	15½	—	—	13⅞-13⅝	14⅝
Nine months	14⅛-13⅞	14⅞-14⅞	—	14¼-14⅝	14½	15⅛	—	—	—	—
One Year	13¾-13⅝	13⅞-14⅛	13⅞-14	13⅞-14⅛	14¼	14¾	—	—	—	—
Two years	—	—	13½-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅝-13½ per cent; four years 13¾-13½ per cent; five years 13⅝-13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14⅞ per cent; four-month trade bills 15⅛ per cent.

Approximate selling rate for one-month Treasury bills 14⅝-14⅞ per cent; two-months 14⅝-14⅞ per cent; three-months 14⅛-14¼ per cent. Approximate selling rates for one-month bank bills 16 per cent; two-months 15⅝ per cent; three-months 14⅞ per cent; one-month trade bills 16¾ per cent; two-months 15⅞ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2425 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 15, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assumes responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1975
Algeria	Dinar	3.8325
Andorra	French Franc	4.2285
	Spanish Peseta	74.425
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.8496
Austria	Schilling	12.9525
Azores	Portug. Escudo	50.40
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	74.425
Bangladesh	Taka	14.844
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	29.277
	B. Franc (F)	29.375
Belize	Belize $	2.00
Benin	C.F.A. Franc	211.425
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7715
Brazil	Cruzeiro	58.38
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.082
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	211.425
Canada	Canadian $	1.1669
Canary Islands	Spanish Peseta	74.425
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	211.425
Chad	C.F.A. Franc	211.425
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.475
Colombia	Col. Peso (O)	49.14
Comoros Islands	C.F.A. Franc	211.425
Congo (Brazaville)	C.F.A. Franc	211.425
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.70
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.4714
Denmark	Danish Krone	5.636
Djibouti Rp. of	Djibouti Franc	174.549
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	74.425
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.636
Falkland Islands	Falkland Is. £*	2.4062
Fiji Islands	Fiji $	0.7946
Finland	Markka	3.6695
France	French Franc	4.2285
French C'ty in Af.	C.F.A. Franc	211.425
French Guiana	Local Franc	4.2285
French Pacific Is.	C.F.P. Franc	73.1444
Gabon	C.F.A. Franc	211.425
Gambia	Dalasi	1.6624
Germany (East)	Ostmark (O)	1.8307
Germany (West)	Deutschemark	1.8307
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4062
Gilbert Is.	Kiribati	0.8496
Greece	Drachma	43.025
Greenland	Danish Krone	5.636
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.2285
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.5192
Guinea Republic	Syli	18.8053
Guyana	Guyanese $	2.5562
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.0015
Hungary	Forint (O)	32.23
Iceland	I. Krona	526.10
India	Ind. Rupee	7.72
Indonesia	Rupiah	626.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.0537
Israel	Shekel	5.96
Italy	Lira	867.10
Ivory Coast	C.F.A. Franc	211.425
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	207.60
Jordan	Jordan Dinar	0.2935
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.359
Korea (Nth)	Won	0.94
Korea (Sth)	Won	622.10
Kuwait	Kuwait Dinar	0.2675
Lao P'ple D. Rep.	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4795
Lesotho	Loti	0.7506
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.654
Luxembourg	Lux Franc	29.277
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	211.425
Madeira	Portuguese Escudo	50.40
Malawi	Kwacha	0.8016
Malaysia	Ringgit	2.116
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	422.85
Malta	Maltese Pound	0.34
Martinique	Local Franc	4.2285
Mauritania	Ouguiya	42.285
Mauritius	M. Rupee	7.618
Mexico	Mexican Peso	23.07
Miquelon	French Franc	4.2285
Monaco	French Franc	4.2285
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.951
Mozambique	Moz. Escudo	29.4416
Namibia	Rand	0.7506
Nauru Is.	Aust. $	0.8496
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.986
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0157
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	211.425
Nigeria	Naira (O)	0.5445
Norway	Norw'g Krone	4.8885
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6474
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	312.80
Philippines	Ph. Peso	7.563
Pitcairn Islands	NZ $	1.0157
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.40
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.2285
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.4062
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.2285
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	867.10
Saudi Arabia	Saudi Riyal	3.3205
Senegal	C.F.A. Franc	211.425
Seychelles	S. Rupee	6.5399
Sierra Leone	Leone	1.1858
Singapore	Singapore $	2.092
Solomon Islands	S.I. $	0.8495
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7506
Spain	Peseta	74.425
Spanish Ports in North Africa	Sp. Peseta	74.425
Sri Lanka	S. L. Rupee	15.25
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7506
Sweden	S. Krona	4.1805
Switzerland	Swiss Franc	1.654
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	211.425
Tonga Islands	Pa'anga	0.8496
Trinidad & Tob.	Trin. & Tob. $	2.4053
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8496
Uganda	Ug. Shilling	7.359
United Arab Emir.	UAE Dirham	3.6902
United Kingdom	£ Sterling*	2.4062
Upper Volta	C.F.A. Franc	211.425
Uruguay	Urug. Peso	9.55
U.S.S.R.	Rouble	0.644
Vanuatu	Aust. $	0.8496
Vanuatu*	FNH (4)	68.3339
Vatican	Italian Lira	867.10
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	28.14
Zaire Republic	Zaire Zaire	2.9277
Zambia	Kwacha	0.7803
Zimbabwe	Zim $	0.6267

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) New Hebrides Independence 30/7/80 now named Vanuatu.

directly towards them:

WORLD STOCK MARKETS

Heavy early Wall St. demand

IN VERY heavy early trading yesterday, Wall Street surged further ahead before profit-taking trimmed the advance.

The morning's action prompted market technicians to predict that the Dow Jones Industrial Average would soon make a run on the 1,000 level. This Blue Chip index, which last closed over 1,000 on December 31, 1976, hit 982 yesterday morning, better than any close since January 10, 1977, before easing back to 977.39 at 1.00 pm for a fresh net rise of 4.95.

The NYSE All Common Index reached a new record peak of $77.99 *before recording a rise of* 46 cents at $77.70 on balance. After an initial three-to-one advantage, rises led declines at mid-session in the ratio of four-to-three. Turnover was up *sharply to 45.34m shares from* Wednesday's 1.00 pm figure of 31.64m.

Analysts attributed much of the market strength to a growing belief that interest rates have peaked.

Additionally, Wall Street expects that the economic recovery will prove sluggish, which would "not place an undue burden on interest rates," said Monte Gordon, of Dreyfus Corporation.

Treasury Secretary G. William Miller yesterday morning said it is probable the Prime Rate will come *down* shortly.

The market has also been encouraged by better-than-expected thrid-quarter corporate profits.

Standard Oil (Ohio) gained 1⅞ to $71⅜, **Sun** 2⅞ to $56¼, **Getty Oil** 2¼ to $97⅜ and **Exxon** $1 to $80⅞.

Volume leader **Westinghouse Electric** added ½ at $28⅝ and *Teleprompter surged* 5⅞ to $34¼. Westinghouse has proposed to buy Teleprompter for $38 a share or $646m.

THE AMERICAN SE Market Value Index jumped 4.08 to a record 365.19 at 1 p.m. Volume swelled to 10.25m shares from the previous day's 1 p.m. level of 4.41m.

Closing prices for North America were not available for this edition.

Canada

There was another buoyant performance on Canadian markets in very busy trading yesterday morning. The Toronto Composite Index shot ahead 37.6 *to 2,374.4 at mid-da*, while Oil and Gas rose 189.3 to 5,027.5, Golds 51.1 to 6,043.9 and Metals and Minerals 40.7 to 2,475.5. In Montreal, Banks climbed 3.76 to 377.96 and Utilities 3.02 to 281.18.

Dome Petroleum rose 3¼ to C$81¼, **Hudson's Bay Oil** 3¼ to C$35, **BP Canada** 2 to C$45¾ and **Gulf Canada** 1¼ to C$32¼.

Australia

Markets rebounded sharply, recouping a good deal of the recent sharp setback. There was strong buying which took its cue *from London, which favours the* Australian coalition Government's chances of being returned to office in tomorrow's general election instead of the feared prospect, raised by recent opinion polls, of a Labor victory.

The Sydney All Ordinaries index rallied 16.25 to 972.52, the Metals and Minerals index 167.74 to 6,497.55 and the Industrials group 8.69 to 715.55.

The outstanding feature was the jump in shares of companies associated with the **Greenbushes Tin** tantalite ore discovery. *Greenbushes traded as high as* A$15.20 before ending A$5.90 up on the day at A$12.20. Its major shareholder, **Vultan**, closed A$4 stronger at A$6, after sales up to A$8.50.

Uraniums and Oil Shales picked up sharply after Wednesday's weak showing, **Pancontinental** rising 60 cents to A$7.60, **Queensland Mines** 40 cents to A$8 and **Southern Pacific Petroleum** 23 cents to A$2.78.

Among Oil and Gas issues, **Vamgas** put on 40 cents to A$6.20. **Woodside** 12 cents to A$3.12 and **Hartogen** 17 cents to A$5.82.

Coal Miner Utah gained 20 cents to A$5.30, while among other Minings, **MIM** climbed 20 cents to A$5.20, **CRA** 30 cents to A$6.36 and **Western Mining** 32 cents to A$5.80.

Elsewhere, **BHP** forged ahead 45 cents to A$15.40 and **CSR** 26 cents to A$7.26.

Tokyo

The market was steady in early trading in response to reports of an approaching possible cut in the Bank of Japan's Official *Discount Rate, but late* profit-taking depressed recently favoured Steels, Heavy Electric Machines and other Blue Chips.

The Nikkei-Dow Jones Average receded 22.49 to 7,151.78 from Wednesday's all-time high, while lower issues on the day on the First Market section outscored rises by 359 to 266. Trading was active, although volume contracted to 400m shares (620m).

Nippon Steel shed Y2 to Y160, **Canon** Y11 to Y737, **Nippon Kokan** Y3 to Y143, **Hitachi** Y4 to Y 345, **Sony** Y30 to Y3,140, **Matsushita Electric** Y7 to Y881, *Nippon Electric Y10 to Y572* and **Nippon Mining** Y5 to Y317, but **TDK Electronic** climbed Y50 more to Y3,050.

Some Electric Power issues, Oils, Printings and speculatives provided gains. **Tokyo Electric Power** rose Y30 to Y965 and **Dai Nippon Printing** Y8 to Y590, while **Teikoku Oil** put on Y40 to Y1,170.

Hong Kong

Stock prices continued to rise strongly yesterday in extremely heavy trading, taking the Hang Seng index, after Wednesday's advance of 39 points, ahead 26.04 more to 1,430.04. This is the highest point for the index since closing at 1,449.91 on February 9, 1973. Turnover on the four exchanges further swelled to HK$743.13m from the previous day's HK$691.15m.

Jardine Matheson, on strong rumours of an impending bid from **Cheung Kong**, forged ahead HK$1.50 to HK$32.00, while **Cheung Kong** managed a 25 cents gain to HK$30.75.

Jardine 7.5 per cent Loan rose HK$6 to HK$152, while **Jardine Securities** put on 30 cents to HK$16.30.

Properties and some Utilities received a good deal of buying attention, with **China Light** moving ahead HK$1.20 to HK$24.50, **HK Telephone** 50 cents to HK$26.90, **HK Land** 40 cents to HK$20.00, **HK Wharf** HK$5 to HK$113 and **Sun Hung Kai Properties** 50 cents to HK$18.40.

Germany

Helped by the Bundesbank's decision to put more liquidity into the domestic economy, share prices generally hardened in increased activity after the recent weak performance

On the Domestic Bond market, Public Authority Loans registered gains of up to 15 pfennigs, while the Bundesbank sold a net DM 3.1m of paper, after sales of DM 4.7m on Wednesday. Mark Eurobonds were steady.

Paris

Bourse prices were mixed with a slight majority of gains after a moderate business.

Traders commented that sentiment would have been better were it not for the poor French labour figures, released on Wednesday.

Portfolios, Mechanicals, Stores and Oils were generally favoured, but Constructions, Metals, Chemicals and Transportation issues mainly lost ground.

Johannesburg

Gold shares closed mixed to easier after another quiet session.

The Gencor group of mining companies, however, were mostly firmer following quarterly results, but Gencor itself eased 25 cents to R28.50.

Indices

NEW YORK —DOW JONES

	Oct. 15	Oct. 14	Oct. 13	Oct. 10	Oct. 9	Oct. 8	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	972.44	962.20	958.90	950.68	958.98	965.99	974.67 (22/9)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	67.46	67.42	67.34	67.60	67.05	66.86	76.61 (28/6)	63.87 (28/5)	—	—
Transport	354.79	355.05	352.10	350.08	349.20	348.52	354.79 (15/10)	233.68 (27/3)	354.79 (15/10/80)	12.23 (8/7/32)
Utilities	113.60	113.04	115.00	113.11	113.40	113.95	116.89 (8/7)	96.04 (27/5)	163.32 (28/4/69)	10.52 (28/4/42)
TradingVol 000's	48,260	48,830	51,360	44,040	45,960	46,580	—	—	—	—

♦Day's high 975.94 low 959.73

	Oct. 10	Oct. 3	Sept. 26	Year ago (approx)
Ind. div. yield %	5.66	5.66	5.73	5.93

STANDARD AND POORS

	Oct. 15	Oct. 14	Oct. 13	Oct. 10	Oct. 9	Oct. 8	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	152.64	150.59	150.51	148.29	149.21	150.00	152.64 (15/10)	111.09 (27/7)	152.64 (15/10/80)	3.52 (30/6/32)
§Composite	133.70	132.02	132.03	130.28	131.04	131.65	133.70 (16/10)	98.22 (16.2)	133.70 (15/10/80)	4.40 (1/6/32)

	Oct. 8	Oct. 1	Sept. 24	Year ago (approx)
Ind. div. yield %	4.42	4.58	4.50	5.20
Ind. P/E Ratio	9.12	8.82	9.03	7.30
Long Gov. Bond Yield	11.48	11.79	11.62	9.75

N.Y.S.E. ALL COMMON

Oct. 15	Oct. 14	Oct. 13	Oct. 10	1980 High	1980 Low
77.24	76.52	76.28	75.34	77.24 (15/10)	55.30 (22/3)

Rises and Falls	Oct. 15	Oct. 14	Oct. 13
Issues Traded	1,930	1,906	1,858
Rises	845	815	960
Falls	586	700	546
Unchanged	399	391	352
New Highs	160	150	84
New Lows	4	5	6

MONTREAL

	Oct. 15	Oct. 14	Oct. 13	Oct. 10	1980 High	1980 Low
Industrial	408.10	394.57	(c)	389.68	423.80 (29.2)	323.21 (27/3)
Combined	376.47	367.84	(c)	365.88	378.90 (29/2)	286.30 (27/3)
TORONTO Composite	2,388.8	2,311.2	(c)	2285.9	2547.6 (24/3)	1782.5 (27/3)

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Contl. Telephone	846,700	14⅞	−⅛
Texaco	747,800	39⅛	+1⅛
RCA	642,800	30⅞	+2⅛
Boeing	550,900	40⅞	+1
Middle S. Util.	531,500	12	+⅛
Westinghse. Elec	487,400	28⅝	+2⅛
Ralston Purina	485,400	11⅞	—
Union Oil Calif.	452,600	50½	+3⅞
Eastman Kodak	433,600	71¾	+3⅛
Occidental Pet.	426,200	32½	+⅜

	Oct. 16	Oct. 15	Oct. 14	Oct. 13	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1966/59)	972.52	956.27	967.85	974.15	997.50 (3/10)	760.00 (2/1)
Metal & Minrls. (1966/59)	6497.55	6529.81	6428.16	6556.66	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.24	67.19	67.64	68.01	68.40 (7/1)	65.59 (19/3)
BELGIUM						
Belgian SE (31/12/63)	89.01	89.65	90.56	90.75	105.76 (11.2)	88.01 (16/10)
DENMARK						
Copenhagen SE (1/1/73)	95.33	95.01	94.21	93.60	95.93 (16/10)	74.73 (5/3)
FRANCE						
CAC General (29/12/61)	116.0	115.0	115.4	112.4	117.8 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	117.8	117.5	116.6	115.8	119.4 (15/9)	96.6 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	235.80	235.48	235.94	235.87	238.69 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	738.1	736.2	736.9	741.5	749.2 (25/2)	687.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	87.0	86.5	86.9	85.5	88.3 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	65.7	64.6	64.7	63.7	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1430.04	1404.00	1364.63	1362.82	1430.04 (16/10)	738.3 (19/3)
ITALY						
Banca Comm. Ital (1972)	151.25	149.54	145.40	144.64	151.25 (16/10)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	7151.78	7174.27	7157.80	7160.25	7174.27 (15/10)	6475.33 (27/3)
Tokyo New SE (4/1/68)	496.50	496.83	495.22	494.91	496.89 (16/10)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	127.14	126.44	124.95	124.01	144.70 (14/2)	110.12 (28/5)
SINGAPORE						
Straits Times (1966)	631.61	625.51	613.19	608.98	647.49 (22/3)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	967.5	981.1	998.9	1026.1 (22/9)	649.5 (2/7)
Industrial (1958)	(u)	616.8	615.0	615.5	627.1 (8/9)	466.0 (2/1)
SPAIN						
Madrid SE (28/12/79)	109.72	109.31	103.34	(c)	111.17 (15/9)	95.76 (18/5)
SWEDEN						
Jacobson & P. (1/1/59)	563.80	355.93	354.36	355.62	586.98 (8/2)	354.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	504.3	504.7	504.5	504.5	517.9 (11/2)	276.0 (26/8)
WORLD						
Capital Intl. (1/1/70)	—	161.0	159.7	159.2	161.0 (15/10)	126.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Danish farmers in move to sue tax minister

DANISH FARMERS are planning to sue Tax Minister, Karl Hjortnaes, for depriving farmers of money which is rightfully theirs, Mr. Hartvig Dehn, chairman of the farmers' union told a conference of union delegates.

The money involved is a special 0.7 per cent land tax imposed in December to cream off the benefits which the farmers would otherwise have gained as a result of the 5 per cent devaluation of the krone on November 30.

Mr. Dehn claimed the tax is in conflict with the Common Agricultural Policy and decisions of the EEC's Ministerial Council.

The farmers say the tax came at an unfortunate moment, when their incomes were dropping rapidly.

Mr. Dehn told the conference a provisional analysis farm account indicated net farm incomes in harvest year 1979-80 fell by 33 per cent, bringing the average net income for a 45-hectare farm to Kr 40,500.

He said there would be about 500 bankruptcies among farmers this year. He compared this with the 324 bankruptcies in 1930 rising to 2,043. in 1932.

U.S. contributes to tin buffer

BY JOHN EDWARD, COMMODITIES EDITOR

THE INTERNATIONAL Tin Council yesterday formally accepted 1,500 tonnes of U.S. stockpile tin as America's voluntary contribution to the Tin Agreement's buffer stock.

This means that when the tin is handed over the buffer stock will have some supplies for the first time since the end of 1976 when the market rose through the Tin Agreement ".ceiling."

However, the current Straits tin price of $M 1.120 a picul (133.3 lbs) is below the new Tin Agreement "ceiling" of $M 2.145, so the buffer stock will not be forced to dispose of the U.S. tin immediately Under the agreement, when market prices are in the upper pricerange btwn $M 1,980 to $M 2.145, th bufffer stock can buy or sell but must be a net seller.

The objective should be to push prices to the mid-point range of M$1,815 to M$1,980 considered to be fair both to producers and consumers.

This is the first time that actual tin metal, instead of its cash equivalent, has been contributed to the buffer stock. As a result there has been considerable wrangling about how it should be valued, and this dispute has caused a lengthy delay since the U.S. first announced it would make a voluntary contribution. Bolivia still remains opposed, on legal and other grounds, to the U.S. contribution and formally reserved its position.

The decision to cut the contribution to 1,500 tonnes is a compromise, since Congress authorised putting aside up to 5,000 long tons of stockpile tin for the buffer stock. But the important point is that the U.S. has made a contribution to the buffer stock for the first time ever, signifying its backing for the agreement.

The Tin Council agreed to resume negotiations on a new agreement to replace the existing pact, due to expire at the end of June next year, but which will probably be extended for a further six months at least.

It is expected that the negotiating conference, to be held in Geneva from December 1 to 19, will be more successful than the last one which broke down without agreement. The main issue was the U.S. insistence of a larger buffer stock and the scrapping of export controls. It is thought this line may be softened in December.

● On the London Metal Exchange yesterday tin values eased with the cash price losing £70 to £6,935 a tonne. But this was in line with a generally easier tone in all metal markets.

Russian sugar plants lying idle

MOSCOW — Harvesting of the Soviet sugar beet crop has fallen well behind schedule, and many sugar refining plants are lying idle or producing below capacity, the Sotsialisticheskaya Industriya newspaper said, yesterday.

It said farmers had hoped to gather 30 per cent of the harvest in September but in many areas, including Stavropol, Lvov and Lipetsk, the figure was less than 20 per cent.

Dairy farmers urge milk levy delay

By Richard Mooney

BRITISH dairy farmers, angry because the French Government is illegally paying ao EEC milk production levy on behalf of its producers, yesterday demanded that the Milk Marketing Board of England and Wales defer payment of their contribution for 12 months.

At the Board's annual meeting, Devonshire farmer, Mr. John Walker proposed a formal motion to this effect, but it was ruled out of order.

"We are not saying that we won't pay the money," he said, "we accept that we are legally obliged to pay it. But at the moment we cannot afford to pay it."

The payment in dispute was the so-called "co-responsibility" levy which the EEC collects to help pay for the disposal of surplus dairy production.

At this year's Brussels farm price fixing, it was increased from ! per cent to 2 per cent in an attempt to discourage a further rise in the surplus.

On Tuesday the chairman of Scottish Milk Marketing Board publicly burned a cheque for £716,000—representing its producers' levy dues for the past three months—in protest at the increase.

DULL UK CEREALS MARKET

Failing the breadwheat test

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

BECAUSE it has been a good harvest both in Britain and most of the rest of the EEC, the market for cereals has been as dull as I ever remember. The demand from the traditional UK users—millers, maltsters and compounders—is poor.

The only real life in the trade comes from exports and intervention buying. Exports are not easy because world prices are still at a substantial discount to those in the EEC and are only possible with the help of restitutions or subsidies.

The subsidies payable over the last week were £34 per tonne for wheat and £29 per tonne for barley. Substantial quantities are being exported. Depending on the point of view of the analyst, they could amount to between 2m-3m tonnes from the UK alone by the end of the cereal year next July.

The EEC cereals management committee has favoured exporting at a high rate this year because it is less expensive than buying grain for intervention; £30 per tonne spent on exporting barley is preferable to spending £100 buying and storing the same quantity.

Although exporting is a valuable outlet the main market support has been intervention buying. Its attraction is obvious. The intervention price for barley in October is £98.75 delivered to store.

Anyone with barley to sell can offer it to the Home Grown Cereals Authority for intervention. The only stipulation is that it must be below 15 per cent moisture and of a certain standard of purity and freedom from broken and sprouted grain. The loss must be of 100 tonnes at least.

The only cost falling on the farmer is transport to his nearest designated intervention store. In the case of my own farm I was quoted £2.75 per tonne for this. If the grain has to be moved further afield the intervention authorities will pay the difference.

The risk is that if the barley is rejected for any reason the whole cost of transport and subsequent disposal falls on the offerer. Many merchants will act for farmrs on commission. The total cost of this should not be more than £4 a tonne showing a net return to the farmer of £94.75 for October. The spot price for feed barley for the UK last week was £88.40.

For the farmer who has taken the trouble to ry and prepare his grain the advantage of intervention is obvious. So far this year 382,000 tonnes of barley has been offered and 246,000 tonnes are already in store.

Wheat can be offered in two forms, feed or breadmaking. Feed wheat is supported by an intervention price of £98.75 for October, the same as for barley. But the market and export prices for feed wheat are £5 to £6 per tonne above those of feed barley, so there is no inducement for an offer to intervention at present. In fact intervention stocks only amount to 200 tonnes. However, breadwheat intervention looks attractive with a price of £110.70 per tonne for October.

As I had harvested, dried and cleaned 300 tonnes of Armada, a recognised breadmaking wheat, I decided to offer it through a merchant. I took the precaution of seeing that it passed the standards of cleanliness, bushel weight and Hagburg milling rest. Although the protein content is not demanded in the intervention test I knew it was just over 10 per cent.

A few days after the grain was offered I was visited by a cereals officer of the Intervention Board and he sampled the bulk exhaustively, expressed himself satisfied with its condition and took away roughly 40 lb of grain which would be divided into three samples. One to go for testing, one to be held by the intervention board, and one by the offerer. I agreed to pay the testing fee of £50 and hoped for the best.

But the best was not for me. It failed, and failed also on appeal, which cost an additional £20, so I am a total of £70 out of pocket. The failure was on what is called a machinability test performed by the Flour Milling and Baking Research Association at Chorleywood.

The testing procedure is rather slow and complicated. It is to some extent subjective in that it depends on the visual and tactile assessment of the quality of the dough by the person performing the test. I have no complaints though. I gather the rules state that on an appeal another tester must make the assessment.

But I am far from being alone in my disappointment. I believe that more than two-thirds of the samples submitted have failed this test—most of these were of recognised milling wheats and of a generally acceptable standard of protein. In fact some have been subsequently accepted by flour millers. I am also told that low-protein wheats, or even feed wheat strains, have been accepted.

The machinability test is one which has been accepted throughout the EEC. However the trade believes it is not suitable for testing the wheats commonly grown in Britain as breakmaking varieties, although most of them are of Continental. origin.

Failure to sell the wheat into intervention at an equivalent of an at-farm price of £106 per tonne contrasted with an October market price of £100. While I might eventually make a price approaching £106 I might have to wait a long time for this to happen. The market is actually falling steadily at the moment and interest charges work out at £1.50 per tonne per month.

I had prepared to offer some very good barley to intervention (for example good on the intervention standards demanded) when someone turned up and purchased it for malting at an appreciably better price, which surprised me as it was not a recognised malting barley. An indication here that the harvest was not as good as some people thought.

Although naturally disappointed I am certain that without intervention support the market would have been a great deal lower than it actually is.

Spring debut for London oil futures

By Our Commodities Editor

STARTING DATE for the planned London gas oil futures contract was set for spring next year, at the formation meeting of the International Petroleum Exchange this week.

The committee of management headed by Mr. R. G. Woodhead of Premier Consolidated Oilfields, is to begin discussions with the trade on suitable additional contracts to be introduced at a later date, including chemical products.

The bulk of the 28 companies who became first-floor members of the Petroleum Exchange are London commodity brokers, but a number of trade associate members have been listed, and three oil trade representatives have been appointed to the management committee.

Cocoa usage down

BY OUR COMMODITIES STAFF.

U.S. COCOA bean usage was sharply down in the three months to the end of September. Figures released by the U.S. Chocolate Manufacturers' Association yesterday show that third quarter grindings totalled 38,445 short tons compared with 45,636 tons in the same period last year—a fall of 15.8 per cent.

The news, which followed the announcement on Wednesday of an 8.7 per cent rise in West German third quarter grindings, brought only a muted reaction on the London futures market. Dealers noted that prices were already low and had been trading in a narrow range for some time.

The March position, which was showing a small rise immediately before the announcement, ended £8 down on the day at £1,005.50 a tonne.

In London a British confectionery industry leader warned that a world cocoa "mountain" could result if the minimum price was set too high at the forthcoming International Cocoa Agreement talks in Geneva.

Mr. Robert Wadsworth, president of the Cocoa, Chocolate and Confectionery Alliance, told members at the Alliance's annual luncheon that the "floor" price under the proposed third agreement should not exceed 90 U.S. cents a lb.

Smaller eggs rise in price

A RISE in the price of smaller eggs was announced yesterday by Goldenlay, the marketing consortium. Sizes 5 and 7 are going up by 2p a dozen and size 6 by 4p.

World grain stocks 'will fall by 20%'

BY OUR COMMODITIES STAFF

WORLD grain stocks will fall next year by 20 per cent, to the lowest level since the 1960s, the 1981-82 harvests could be critical, according to the U.S. Department of Agriculture.

In its latest grain situation and outlook report, the Department calculates that by the end of June 1981 world grain stocks (including rice) will fall steeply to 155m tonnes against 192m tonnes at the end of June this year.

The decline in stocks is attributed to reduced production prospects at a time when demand is expected to remain strong. Wheat stocks, which had previously been forecast to rise slightly, are now expected to fall to 72m tonnes—7m down on last year and 10m tonnes below last month's prediction.

It is the lowest stocks level since before 1960 and represents only 16 per cent of world consumption. The turnround reflects a sharp cut in Australian output as a result of drought, reduced crops in Argentina and the Soviet Union, and increased buying by China.

Stocks of feedgrains are expected to fall by about 30m tonnes as a result of reduced production in the U.S. However, rice stocks are likely to remain much the same at 24.4m tonnes, since world production is forecast to be a record 389.2m tonnes—although this is over 2m tonnes down on last month's prediction following adverse weather conditions in Japan and South Korea.

Australian Wheat Board chairman, Mr. Leslie Price, on a visit to Tokyo, said he would not be surprised to see wheat prices rise by as much as 50 U.S. cents a bushel—around $20 a tonne. There were no substantial "bearish" factors in the market this side of the U.S. spring wheat crop, which he noted had already suffered some damage.

Mr. Price said the Australian wheat crop this year might well drop as low as 9m tonnes because of the drought. This compares with a Board estimate of 9.65m tonnes and last year's output of nearly 16m tonnes.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Slightly firmer on the London Metal Exchange in quiet trading. After opening stronger in pre-market trading at £888, forward metal traded between that level and £886 throughout ... [illegible]

... attracted good buying. The afternoon saw the day's low point of £7,030, and that was the close on the late Kerb, with the Contango widening to about £110. Turnover 920 tonnes.

... the close on the late Kerb was £380. Turnover 8,875 tonnes

Morning: Cash £362, 61.5. Three months £383, 81, 78, 77.5. Kerb: Three months £376, 75, 76. Afternoon: Three months £379, 78. Kerb: Three months £378, 78.5, 78, 80.

... and stronger sterling dampened any further gains and prices gradually drifted lower again in poor volume.

... 374, 375, nil, nil; Dec. 376, 378, 378, 5; Jan. 379, 381, nil, nil; March 380, 384, 382, 4. Sales 20.

SOYABEAN MEAL

The London market opened 50p higher on light commission house buying ... [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 16 1980	+ or —	Month ago
[illegible]			

AMERICAN MARKETS

NEW YORK, October 16.

PRECIOUS METALS were nervous on the uncertainties in the Gulf and rumours of pending hostage action. Copper ran into profit-taking and continues to trade in the recent trading range. Sugar exploded on the upside ... [illegible]

74.85.

Live Hogs—Oct 47 70 (46.07). Dec 50.60-50.70 (51.27). Feb. 54 95-54 85. April 52.25-54 15, June 57.25-57.30, July 58.20, Aug. 57.20. Oct. 56 00, Dec 56.97.

‡‡Maize—Dec. 357-357¼ (360½). ... [illegible]

Live Cattle—Oct. 68.70-68.65 (69.15). Dec. 71.05-71.00 (71.65), Jan 72.00. Feb. 72 90-72.75, April 74.60-74.47. June 75.42-75.55, Aug. 74.70, Oct. 73.55, Dec. ...

... per 60-lb bushel ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet ‡ Cents per dozen. †† $ per metric ton

EUROPEAN MARKETS

ROTERDAM, October 16

Wheat—U.S. Two Dark Hard Winter 13. 5per cent Nov. $224, Dec. $226, Jan. $233, Feb. $235, March $238. U.S No. 2 Red Winter Oct $223, Nov. $222, Dec. $226. U.S. No. 2 Northern Spring 14 per cent Oct. $215, Nov. $218, Dec $225.50, Jan. $241, Feb. $248, March $250, April/May $235.

Maize—All. $160, Oct. $161, Nov. $164, Dec. $169, Jan./March $177.50, April/June $179, July/Sept. $177.50, Oct./Dec. $176.

Soyabeans—U.S. 2 Yellow Gulfports Oct. $333.50, Nov. $338.25, Dec. $348.50, Jan. $355, Feb. $364.25, March $367.50, April $372.50, May/June $373, July $374.50, Oct. $331.15, Nov. $329.80, Dec. $334 75 sellers Argentine Oct. $331 seller

Soyameal—44 per cent protein U.S. all, $303, Oct $302.50, Nov $306, Dec. $312.50, Nov./Dec $312 Brazil Pellets all $307, Oct $310, Nov $321, Nov/Dec $332.

PARIS, October 16.

Cocoa (FFr per 100 kilos)—Dec. 951-970, March 995-1,005, May 1,020-1,026, July 1,030, Sept. 1,050-1,070, Dec. 1,101-1,115. Sales at call 0.

Sugar (FFr per 100 kilos)—Nov. expired, Dec. 4,125-4,140, March 4,305-4,310, May 4,335-4,350, July 4,220-4,290, Aug. 4,250-4,290, Oct. 4,020-4,045, Nov. unquoted, Dec. 3,930-4,000. Sales at call 5.

INDICES

FINANCIAL TIMES

Oct. 15	Oct. 14	Mnth ago	Year ago
276.51	277.94	278.98	296.92

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Oct. 16	Oct. 14	Month ago	Year ago
Spot	479.39	480.90	460.51	407.19
F'tur s	500.21	500.26	473.83	412.15

(Average 1924-25-26=100)

MOODY'S

Oct. 15	Oct. 14	M'nth ago	Year ago
1326.1	1324.5	1312.4	1155.7

(December 31, 1931=100)

REUTERS

Oct. 16	Oct. 15	M'nth ago	Year ago
1755.0	1757.3	1758.3	1653.1

(Base September 18, 1931=100)

Chinese walnuts 30mm 55-lb, per pound 0.32; Almonds large hard 0.38, medium 0.35, Ibiza 0.48, Pecan nuts 0.65; Filberts Sicilian 18mm 0.48; mixed nuts 0.30.

English Produce: Potatoes—Per bag, new 1.30-1.90. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramleys 0.05-0.10, Derby 0.05, Worcester Pearmain 0.08-0.12, Cox's Orange Pippins 0.10-0.18. Pears—Per pound Conference 0.09-0.12 Plums—Per 12-lb Wyedales 1.50. Strawberries—Per ½-lb 0.30-0.35. Cabbages—Per bag 1.30, white cabbages 2.40. Cauliflowers—Per 12 3.0-4.00. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 1.60-2.20. Tomatoes—Per 12-lb 1.40-1.80. Lettuce—Per 12 round 1.20. Cos 1.20, Webbs 1.20. Sprouts—Per pound 0.10. Corn Cobs—Each 0.06-0.08. Carrots—Per 28-lb 0.90-1.20 Onions—Per bag 2.60-3.20. Picklers 3.00. Celery—Per pack 20/30 2.60-2.70, naked 12/16 1.10. Capsicums—Per pound 0.25 Swedes—Per 28-lb Devon 0.90-1 00 Courgettes—Per pound 0.20. Cob. Nuts—Per pound 0.33-0.38.

Roads 'bear unfair burden'

MR. J. M. BOARDMAN, chairman of the Asphalt and Coated Macadam Association, said at a meeting in Harrogate yesterday that the road industry had too long borne a vastly greater share of the National sacrifice than any other.

He told local government representatives: "Some people try to make us feel guilty when we ask for a good road network, well maintained. But what sort of a mess would our towns and cities be in if we had let these people have their way? The speedy and safe movement of people and goods is not something we should apologise for."

THE PROPERTY MARKET BY ANDREW TAYLOR

Giant London shops scheme cut

A DECISION to reduce by almost a thord the size of what was to have been London's biggest shopping complex has come as a number of major retailing concerns have been re-examining their own development and investment plans.

While there are no signs of any wholesale cutbacks in development programmes, *retailers are clearly becoming* increasingly concerned about high levels of building and financing costs, at a time when sales volume have fallen and price rises have *failed to keep* pace with sharply increased overhead costs.

It is against this background that Sam Chippindale Development Services has decided to reduce the shopping content of its ambitious redevelopment plan for Whitechapel in London's East End: from 860,000 sq. ft. to 600,000 sq. ft.

Underlying this decision has been some reluctance by certain key prospective tenants to take up the space that they earlier indicated they would like to occupy.

For example, it is understood that Littlewoods Organisation which had expressed interest in one of the medium sized units has now withdrawn from negotiations with appointed agents Michael Laurie. A planned 125,000 sq ft store for Tesco has also been reduced to a 60,000 sq ft unit to fit in with Tesco's requirements.

Talks are now going ahead with other major retailers which may result in two further 125,000 sq ft stores being reduced in size. Instead of the 13 stores originally planned Chippindale is now proposing to develop 11, and the total shopping area of the scheme has been cut by 260,000 sq ft.

The decision to reduce the shopping element accords with views expressed by Greater London Council planners, who had suggested that such an ambitious scheme might have a detriment effect on retailers in surrounding areas. However recent discussions between the GLC and the developers have made it clear that the prime reason for reducing the size of the scheme is the financial climate and the general recession within the retailing industry.

The revised proposals, which include 380,000 sq ft of offices — the same as before — is due shortly to go before the GLC central area planning committee.

Michael Laurie says demand for the reduced shopping content is strong and the agents are confident that lettings are virtually in the bag for all, but one, of the 11 stores now planned.

Two of the names linked with the Whitechapel plans, Tesco and Littlewoods, have clearly been reviewing their development and investment programmes. At Tesco — where bank loans and overdrafts rose from £9.7m to £79.3m in the 12 months to February 23, 1980 —this has meant that some projects have been put back in the group's development timetable.

For example a plan to build a new store at Minehead has been deferred for about a year while a planned extension to Tesco's 73,000 sq ft hypermarket in Irlam, Manchester has also been deferred. The group has also postponed building a 27,000 sq ft store in Chapel Street, Worthing where *it already has an existing* 11,000 sq ft unit.

Some of these schemes have been deferred to allow other more financially viable develop*ments to take place* but clearly Tesco, which plans to provide an extra 1m sq ft of store space over the next two years, is finding the going tough.

Littlewoods, too, has deferred some of its planned projects although the group says that this still leaves a healthy development programme in place.

Other retailers are also showing signs of concern about the cost of carrying out and financing developments. Mr. Noel Stockdale, Chairman of Associated Dairies Group (Asda)—no slouch when it comes to retail development—recently expressed concern at the high cost of obtaining prime development sites in the south where the group has ambitious expansion plans.

Despite this, competition for prime sites remains intense, backed by strong institutional demand for top quality retail investments. But where sites are in less desirable locations investment and letting demand is clearly not what it was 12 months ago.

A sign of the times is perhaps the difficulty MEPC is reported to be having in letting the remainder of its "West One" shopping complex in London's Oxford Street where Burton, after much negotiation, has finally agreed to become the main tenant.

Meanwhile development pro*grammes will go ahead although* some projects may be put back. J. Sainsbury, however, is still aiming to open around 18 new supermarkets a year over the next three years, which, at current prices, could cost more than £200m; while Allied Suppliers part of the Cavenham group is in the middle of a capital investment programme which will cost around £135m over the next five years.

Even Tesco, despite its current financial problems — reflected in its cash raising sale-and-leaseback programme—was a recent bidder for two prime retail development sites, one at Swindon, and one, at East Beckton in London.

Both these sites went to Linfood Holdings, which operates the Carrefour hypermarket chain, but only after intense competition

It may be that Sam Chippindale's plans for Whitechapel were never likely to succeed in their original form, given the size and location of the scheme, or, that Tesco is something of a special case. But clearly retailers are becoming a little more cautious about their investment plans and their ability to pay for them.

New Dublin deal for London and Leeds

IN ONE of the largest property deals in Dublin this year London and Leeds, the property development arm of the Ladbroke Group, has paid just over £2m for a one acre site in the heart of the city's financial and *commercial quarter.*

London and Leeds is proposing to develop an 82,000 sq ft office scheme on the site: next door to the Gaiety Theatre and bounded by South King Street, Clarendon Row and Chatham Street.

The site has an existing planning permission for a slightly smaller office and retail scheme, but it is understood that London and Leeds will be seeking to modify this.

The purchase of the land from private interests is the culmination of almost 18 months of negotiation for London and Leeds and marks the third property investment made by the group in Dublin.

It is hoped that building work will start on the new scheme early next year and the project, which will take about 18 months to complete, is expected to have an investment value of around £7.8m. Agents for the scheme are Jones Lang Wootton.

Meanwhile the group is putting the finishing touches to its 58,000 sq ft Mount Street office development, which has taken just 15 months to complete, and is fully let to the Irish Board of Works for a rent thought to be between £5.60 and £6.20 a sq ft (Irish pounds: *£6.50 to £7.20.*

In line with London and Leeds policy—the group sees itself as a property trader rather than investor—the Mount Street *development is expected to be* sold at a price likely to be in excess of £5m sterling.

With good new office space in short supply in Dublin rents *for modern accommodation had* risen by around 35 per cent between mid 1979 and late summer this year. Of the 485,000 sq ft of new space expected to be created this year the vast bulk has already been pre-let or is under negotiation.

However there have been some signs lately that some of the steam may be going out of the rental market with around 600,000 sq ft of new space expected to be built in the city next year

But Mr. Kurt Kilstock, chief executive of London and Leeds, is optimistic about the medium-term prospects for the Dublin office market given the pent up demand for new space

Meanwhile the group, which has recently completed its first two U.S. property purchases, is looking at a total development programme, in the UK and elsewhere, worth around £100m —and the group can be expected to make an announcement shortly about a new Mayfair office development scheme in London's West End.

Battle over new hotel for South Bank

ANOTHER south bank planning enquiry may be on the cards following Southwark council's rejection of development proposals for a 12 acre site at Butlers Wharf which include plans for a 200 room hotel virtually next door to Tower Bridge.

Town and City Properties, *which owns the 14 acre* Butlers' Wharf site, said yesterday it will appeals against the council's decision, to Mr. Michael Heseltine, Environment Secretary.

Southwark is understood to have objected to the scheme because it would have meant the demolition of a 19th century warehouse which it wants retained and refurbished.

In addition to the hotel Town and City's proposals called for around 50,000 sq ft of shopping space, restaurant facilities plus 80 flats and various tourist attractions such as a childrens' museum.

The scheme which would cost around £7m to complete has been modelled, say Town and City, on the successful Ghiradelli Square waterfront development in San Francisco. The group said that to retain the warehouse, as requested by Southwark, would add about £1.5m to development costs.

Meanwhile Southwark has given the go-ahead to Town and City's development proposals for an adjoining two acres of land at Butlers Wharf.

The group is *proposing to* refurbish four warehouses on the site. These will provide accommodation for: "a river boat terminus, to be operated *by Wood* River Services; a ships chandler, shopping space and craft studios, as well as providing *extensive* areas for light industry and storage." Cost of the scheme is thought to be around £1.5m.

● Pearl Assurance has acquired new underwriting accommodation at Asia House, 31/33 Lime Street, London, EC3 where it has taken a nine year lease on part of the third floor from landlords City of London Real Property. The rental is thought to be around £22.50 a square foot. Vigers acted on behalf of Pearl and T. S. Faun of City for London.

● Scan Re-insurance has taken almost 10,000 sq. ft of office space at English Property Corporation's Bridge House development next door to London Bridge. Scan is understood to paying an *initial* rent of £80,000 a year. Richard Ellis acted for Scan while Richard Saunders and Parterns and Leslie Lintott acted for EPC. Bridge House is now fully let.

● Chanel has acquired the head lease of 26 Old Bond Street in London's West End. The building providing 3,000 sq ft of retail space and 2,000 sq ft of offices is to become Chanel's central London outlet. Hampton and Sons acted for Chanel.

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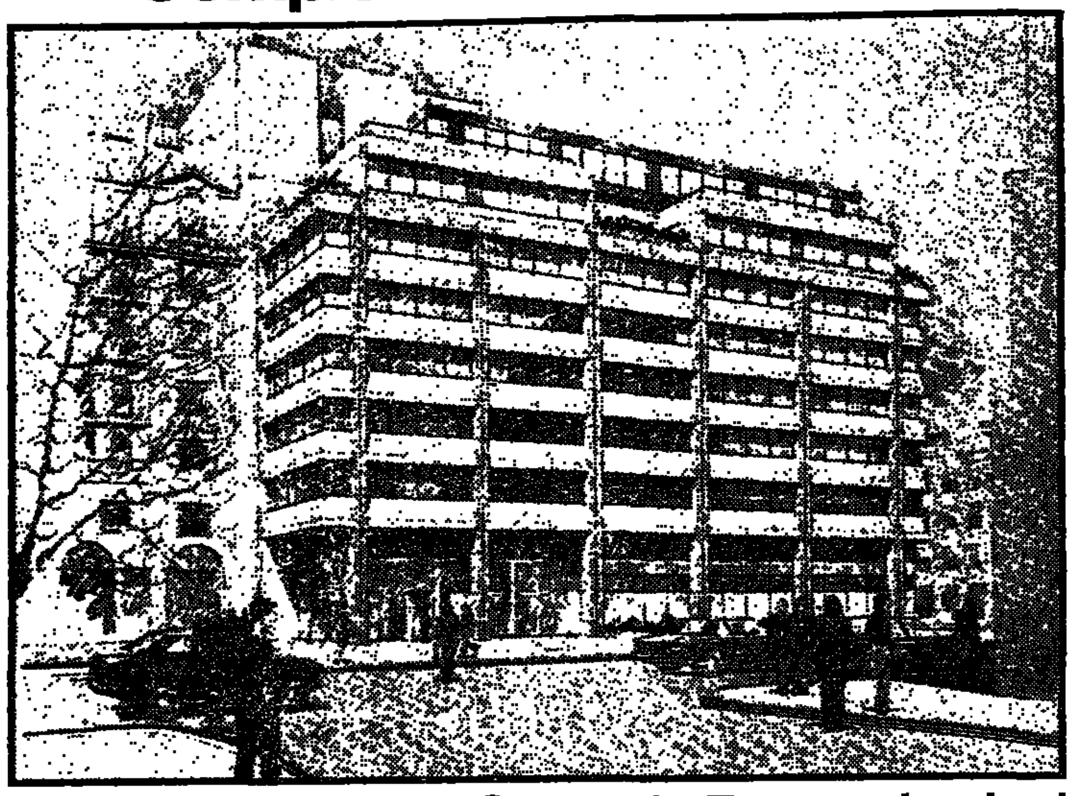

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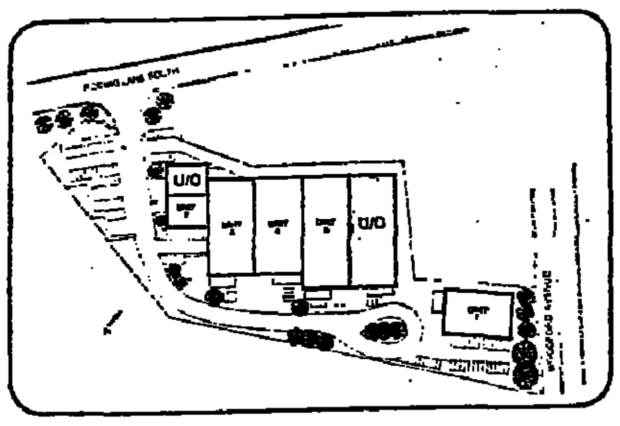

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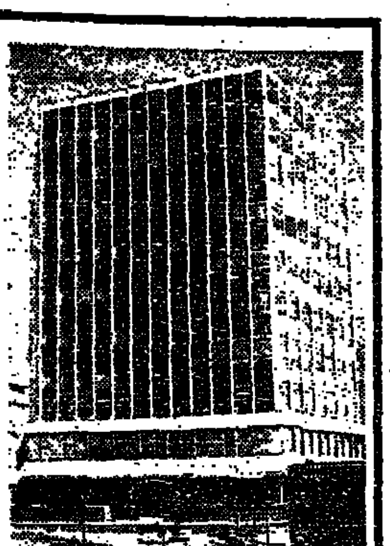

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WITH TURNOVER £350,000

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The project generally comprises:

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2. Study and research laboratories, classrooms, offices, auditoria . . . *These buildings will be constructed on four levels.*

The Tenderers may procure the Technical Specifications and drawings from the Secretariat of Buildings and Tenders Committee against a net non-refunded sum of 250 (two hundred and fifty) LD to be paid *to the Treasury of the University against an official receipt during official* work time, from the date of the publication of this notice till the end of the day of October 30th, 1980.

The tenders should reach the Secretariat no later than November 30th, 1980.

The Tenders shall be joined with:

1. An initial bond of 10,000 (ten thousand) Libyan Dinars by a certified cheque from a local bank or
2. An unconditional letter of guarantee from a local bank valid for nine months.
3. The applicants are requested to furnish as many details as possible and catalogues on past and current projects proving that the company has the technical means for successful completion in the field of construction and building, and the value of the executed projects.

Tenders should be submitted to the Secretariat of Buildings and Tenders Committee of the Administration of the University by the fixed date.

THE SECRETARY OF BUILDINGS & TENDERS COMMITTEE
EL FATEH UNIVERSITY, TRIPOLI
P.O. BOX 13 103

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CITY OF HELSINKI

8¾% U.S.$ Bonds 1981/1986

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U.S.$7,000,000 nominal amount will remain outstanding after 15th November, 1980.

The following Bonds drawn for the redemption due on 15th November, 1977 remain outstanding:—

4	685	868	950	1017	1191	2806	3710	4588	4607
4626	4705	4739	4777	4973	5041	5077	5196	5310	5329
5368	5740	5971	6036	6164	6253	6556	6712	7132	7625
7645	7949	8638	13084	14353	14466	14561			

The following Bonds drawn for the redemption due on 15th November, 1978 remain outstanding:—

41	642	872	949	1016	1199	2063	2689	3488	3503
4654	4770	4805	4822	4836	5069	5158	5308	5323	5338
5369	5869	6043	6119	6154	6241	6548	6562	6761	7059
7577	7620	7794	7882	7997	8118	8834	8285	10106	12652
13080	14475								

30, Gresham Street, London, EC2P 2EB.

16th October, 1980

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EAST LONDON

OLD ESTABLISHED BUSINESS

FOR SALE

TURNOVER £3M PLUS

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COMPANY

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PUBLIC NOTICES

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CITY OF DUNDEE DISTRICT COUNCIL
£1,300,000 Bills issued 15.10.80 at a rate of 13⁵⁄₁₆% p.a. should read maturity of 15th April 1981 and not the 13th as *previously stated.* Total outstanding Bills are £1.3m and there were total tenders of £10.4m.

DERBY CITY COUNCIL BILLS
£1,200,000 due 14th January 1981, issued 15th October 1980 at a rate of 14 19/64% per annum. Applications totalled £4,800,000. These are the only Bills outstanding.

HERTFORDSHIRE COUNTY COUNCIL BILLS
£3m issued 15.10.80 due 14.1.81. Issued at 14 19/64%. Applications totalled £15½m. Total outstanding £15m.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS
3,600,000 Bills issued 15th October 1980 maturing 14th January 1981 at 14⁵⁄₁₆%. Applications totalled 28,200,000. These are the only Bills outstanding.

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1,400,000 Bills issued 17 July 1980, due 16 January 1981 at 14⁹⁄₃₂%. Applications totalled £9.8 million. These are the only Bills outstanding.

By direction of the Joint Receivers and Managers

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Operating from a freehold rolling mill of 50,000 sq ft and a fabricating factory of 20,000 sq ft on a site of 3 acres the company is engaged in the cold rolling of steel tubulars for the offshore industry with a capacity of 400 tonnes per week.

The existing workforce, properties, plant and machinery, fixtures and fittings, stock and work in progress are all available. The major items of plant and machinery include a Hugh Smith 800-tonne Vertical Bending Rolls 12' 6" and 1½" capacity and a Haeusler 4 Roller Plate Bending Machine type VRM-HY-10' x 3" capacity, submerged Arc Welding equipment, manipulators and plate preparation equipment, etc.

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DAWLISH WARREN, DEVON

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With good management continuity

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Replies welcomed from companies situated in an area extending from Yorkshire to the Home Counties.

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Less than outright purchase considered.

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Located within close proximity to a large and important township (10 miles).

Sale Price $C850,000

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for further information and appointment to view

RDM

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More detailed appraisal of September trade returns causes loose selling of Gilts and leading equities

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 22	Nov. 6	Nov. 7	Nov. 17

* "New time" dealings may take place from 9 am two business days earlier.

A more detailed appraisal of the September trade figures tempered investment initiative in the two main sectors of London stock markets yesterday. Gilt-edged securities turned distinctly dull, while leading equities were unable to maintain the late higher levels of the previous evening and gave ground in sympathy.

Speculation about the possibility of the new £30-paid medium tap, Exchequer 11¾ per cent 1986, being oversubscribed proved to be unfounded as applications for the stock were allotted in full. This news also tended to unsettle Gilt sentiment and mediums/longs drifted lower on sporadic offerings *before steadying slightly after* the official close to end with losses extending to a point.

Selling was relatively light, the setback mainly reflecting stock indigestion and lack of fresh investment funds after recent heavy sales of Exchequer 12 per cent 1998 "A," official supplies of which ran out on Wednesday. Confirmation of September's marked slowdown in money growth made no impact, having been well discounted, while the unchanged MLR decision was as expected.

Leading industrials followed in the wake of British Funds. Here too, selling pressure was only modest, but with buyers showing a reluctance to operate, quotations drifted lower throughout. Only 1.6 off at 10.00 am, the FT 30-share index closed at the day's lowest with a fall of 5.1 at 480.4.

Secondary issues often caught up with the previous day's late *rise in leading shares and the* overall picture was thus one of mixed movements. Of the sectors, Oils continued to trade firmly with the emphasis again on both leading and selected exploration issues.

Oils continued to make the running in Traded options, BP and Shell contributing 533 and 164 deals respectively to a total of 1,670. *Marks and Spencer* attracted 266 trades on the interim statement.

Banks firm

Buyers remained interested in the banking sector and so a firm trend was maintained. Particularly well supported of late on favourable comment, merchant banks continued to make good progress. **Mercury Securities** added 7 more at 240p and **Kleinwort Benson** rose 4 more to 262p, while **Minster Assets** touched a 1980 high of 68½p before closing a net 3 better at 67½p. Elsewhere, **Standard Chartered** stood out with a rise of 16 to 641p and **Bank of Scotland** appreciated 7 to 302p. *NatWest, 6 dearer at* 416p, led home banks into higher ground. **Barclays** firmed 4 to 450p as did **Lloyds**, to 282p. **Union** added 10 to 520p in Dis*counts. Against the trend,* **F.C. Finance** dipped 3 to 72p following the chairman's cautious interim report.

Insurance Composites succumbed to profit-taking and closed with falls ranging to 14. **General Accident** and **GRE** both lost 8 to the common level of 344p, while **Royals** relinquished 7 at 443p. **Sun Alliance** declined *14 to 768p and* **Phoenix** *ended 4* off at 292p.

Lack of follow-through support and occasional selling left leading Buildings easier in places. **Blue Circle** losing 4 to 336p and **BPB** a couple of pence to 248p. **Wimpey** shed 1½ at 90p and **Redland** lost 3 at 173p. Secondary issues, however, had several bright spots with **Ward Holdings**, 47p, and the Deferred, 29p, adding 2 and 3 respectively on investment support. **Fairclough Construction** picked up 3 to 77p, while **John Finlan** improved 2 to 88p, the latter in a thin market.

Another reasonable business was transacted in **ICI** which touched 332p before closing a net 2 cheaper at 328p. Profit-taking clipped 5 from **Fisons**, at *192p, but* **Rentokil** *added 3 at* 162p on overnight demand. **Arrow**, up 7 on Wednesday in response to speculative support, hardened a penny more to 34p, while **Yorkshire** revived with a gain of 3 to 35p. **Anchor Chemical**, however, remained friendless and shed 2 more to a low for the year of 56p.

Marks active

An active two-way business developed in **Marks and Spencer** following the confident statement accompanying the first-half profits, and the shares touched 108p before settling a net penny up at 106p. In contrast, activity in **Debenhams** was disappointing and on interim profits below market estimates the close was 2 lower at 80p. Other Store majors drifted easier for want of attention. **GUS "A"** fell 4 to 438p and **Mothercare** ended 2 cheaper at 224p. **Currys** continued to benefit from the proposed expansion of its rental business and closed 7 up at 254p. **Ben Williams** firmed 3 to 23p, but **Allebone**, interim results today, shed a penny at 19p. In Shoes, the increased mid-term loss clipped 10 from **Stylo** at 110p.

A mixed trend in Electricals was evident by *the close. Speculative* buying prompted improvements of 4 and 8 respectively in **Sound Diffusion**, 75p, and **MK**, 238p, while **Automated Security** *gained 10 to 330p* and **Wholesale Fittings** 20 to 920p, both in thin markets. **Henry Wigfall** improved 5 to 145p, but adverse comment on the bid situation brought about a fall of 4 to 60p in **Laurence Scott** and one of 6 to 130p in bidder **Mining Supplies**. **Amstrad** gave up 3 to 87p as did **Bowthorpe** to 146p, while **Vitatron** cheapened 5 to 225p. The leaders drifted lower as buyers withdrew. **GEC** softened 2 to 532p, after 530p, and **Plessey** 3 to 252p.

The Engineering leaders ran *into profit-taking after the recent* good rise. **GKN** came on offer at 182p, down 8, while **Hawker** declined 6 to 228p; the latter's interim results are due next *Wednesday.* **Tubes** *softened 4 to* 224p and **Vickers** dipped 3 to 134p. Elsewhere, **Wombwell Foundry** lost 2 to 13p in reaction to the final dividend omission and annual deficit, while **Neepsend** eased the turn to 27p on the full report. **Simon** lost 4 to 286p and **Renold** relinquished 2 to 70p but **Prestwich Parker** hardened 2 to 30p following the satisfactory *preliminary results.* Still drawing strength from the agreed £6m compensation payment, **Yarrow** added 4 to 242p, after 250p, while **Vosper** moved up 10 to 105p in sympathy. **Davy Corporation**, 123p, **British Aluminium**, 180p, and **Howden**, 115p, all rose 5.

Foods were occasionally lower and **J. Sainsbury** touched 535p before closing a net 5 off at 525p. **Cadbury Schweppes** shed 2 to 67p and **Unigate** cheapened a penny to 108p. **Somportex**, a *strong market* of late, gave up 15 to 350p in a thin market awaiting details of the annual meeting, while **Robertson** shed 2 to 96p on profit-taking. **William Low** added 3 for a two-day gain of 11 to a high for the year of 143p.

Leading Hotels and Caterers had a slightly easier bias, **Grand Metropolitan** and **Ladbroke** shedding 2 apiece to 153p and 225p respectively. Elsewhere, **Savoy A** improved a couple of pence to 126p on Press mention, but **Wheeler's Restaurants** lost 10 to 290p in a restricted market.

AGB Research wanted

AGB Research rose 16 to 203p on buying in a thin market, while other *notable firm counters in* miscellaneous industrials included **Jardine Matheson**, up another 12 to 265p on far-eastern influences and **Aeronautical and** *General, 10 higher at 330p on* speculative support. **J. H. Fenner** added 3 to 143p, after 145p, in response to Press comment, while investment buying lifted **BTR** 6 to 358p. **Ricardo** rose 6 to 443p and **Siebe Gorman** put on 5 to 170p. **Sketchley**, on the other hand, fell 7 to 240p and **Marshalls Universal**, following comment on the interim results, eased 2 to 54p.

Lucas featured otherwise idle Motor Components, declining 6 to 183p: the preliminary results are expected on November 10.

Among advertising issues, support was again forthcoming for **Mills and Allen**, 18 better at 320p. Elsewhere, speculative interest left **Link House** 5 up at 217p.

Small selling left its mark on recently firm Properties, but prices edged away the lowest after the official close. **Land Securities** finished 5 off at 388p, after 386p, while **Stock Conversion** ended 7 cheaper at 315p and *Berkeley Hambro* 5 down at 229p, after 226p. **Samuel** shed 5 to 146p and **British Land** 2 to 95p. Withdrawal of recent speculative support clipped ¾ *from Town and City at 27¼p and* 1¼ from **Aquis** at 34¼p. **Rush and Tompkins** lost 4 at 224p as bid speculation subsided, while **Brixton Estates** gave up 3 at 135p and the new nil-paid shares 1½ at 18p premium. Far-Eastern influences prompted fresh London buying of **Hong Kong Land**, which put on 5 for a two-day gain of 11½ to 168p.

Candecca strong

Reports that Abu Dhabi was raising its crude oil prices by $2 a barrel caused fresh firmness in *Oils. Profit-taking* developed around mid-day, but renewed support in late trading usually left quotations at the best of the day, **British Petroleum** closing 8 higher at a peak for the year of 440p and **Shell** finishing 4 up at 446p. Secondary issues featured **Candecca** which advanced 16 to 274p on speculative buying. A late flurry left **Tricentrol** 14 up *at 396p, while* **Clyde** *rose 50 for* a two-day gain of 80 to 750p on talk of a broker's circular. Against the trend, **Ultramar** slipped to 443p, before closing a net 4 off at 450p, while **Burmah** eased 3 to 187p. Elsewhere, **Shackleton Petroleum** put on 9 to 84p following news that the company had taken a 6 per cent stake in an Alaskan gas well.

Overseas Traders were mixed. **Gill and Duffus** continued to make progress ahead of next Thursday's interim results and added 2 more to 181p. **Steel Brothers** on the other *hand* shed 3 to 142p following reduced first-half profits and the warning over current trading. **James Finlay**, a dull market since last week's interim statement, rallied 7 to 111p, but recently firm **Thomas Borthwick** met profit-taking and fell 3 to 36p.

Financial Trusts were generally firmer. Renewed support was noted for **Mercantile House**, 7 better at 367p, after 370p, while **S. Pearson** closed 8 up at 222p. **Centreway Trust** rose a similar amount to 120p, but recently firm **Akroyd and Smithers** shed 5 to 375p. **English Association**, at 475p, lost 10 of the previous day's jump of 85p.

Shippings plotted an irregular course in quiet trading. **Common Brothers** rose 12 to 300p, while **Walter Runciman** picked up 7 in a thin market to *114p.* The interim results from **Hunting Gibson** proved to be in line with expectations and the price held at 146p. **P and O Deferred** fell *3 to 116p.*

Lawrie Plantations remained depressed by the disappointing full-year profits and fell 7 for a two-day loss of 17 to 378p.

Australians shine

Australians took the limelight in mining markets yesterday with a couple of spectacular rises reminiscent of past nickel booms. **Greenbushes Tin**, which recently announced the discovery of what may turn out to be the largest tantalite deposit in the world, closed at 650p, *after touching 750p, in a good* trade; the shares closed at 350p on Wednesday, and a week ago were changing hands at around 200p.

Vultan Minerals, which is reported to have a 37.5 per cent stake in Greenbushes, touched 350p before settling at 275p, up 160p on the day.

Leading Australian issues *moved* up, too, *as* investors became more confident of a victory for Mr. Malcolm Fraser in *tomorrow's* Federal Elections. Rises of around 10 were common *to CRA at 308p,* **MIM Holdings**, at 255p, **Western Mining**, at 280p and **Central Pacific**, at 350p. **Pancontinental Mining** were outstanding with a jump of 25 to 370p.

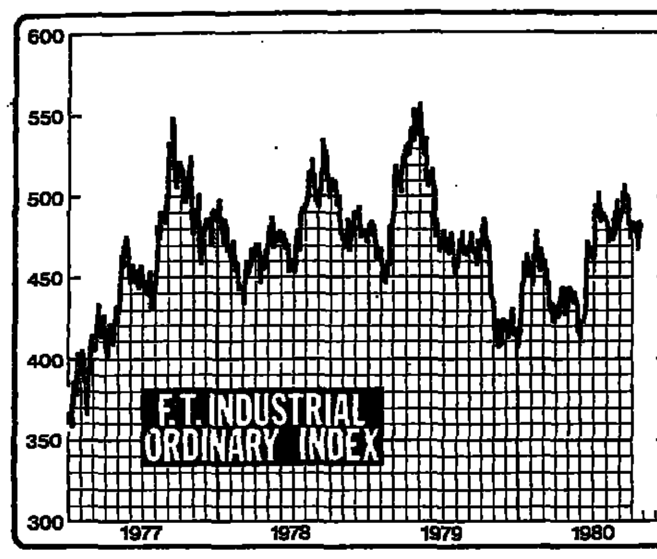
Elsewhere, mining shares were quietly mixed in line with the uncertain course of bullion, finally $5 lower at $673.5. The Gold Mines index slipped 5.4 to 508.3.

Among the higher-priced South African Golds, **President Brand** fell 1½ to £31¼ and **East Rand Proprietary** lost ⅞ to £16¼. **President Steyn** and **St. Helena** each fell ¼ to £28¾ and £21½ respectively.

"**Sallies**" were notably depressed among cheaper issues with a fall of 22 to 633p, and **Bracken** lost 17 to 216p. Falls of 12 were common to **Kinross**, at 716p, *Grootvlei, at 633p and Free State* **Saiplaas**, at 508p.

South African Financials drifted downwards in sympathy with **Anglovaal** losing £1 to £20, while *Anglo American* lost 20 to 865p and **Gold Fields of South Africa** were ½ lower at £45½. In London Financials, **Consolidated Gold Fields** lost 15 to 660 and *RTZ 8 to 460p.*

In generally quiet Tins, **Killinghall** gained 25 to 525p.



FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Oct. 16, 1980: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Oct. 15: Index No.	Tues., Oct. 14: Index No.	Mon., Oct. 13: Index No.	Fri., Oct. 10: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (171)	286.07	−0.3	15.43	5.78	7.87	287.04	284.18	279.62	277.40	235.89
2	Building Materials (28)	251.95	−0.2	18.88	6.80	6.29	252.52	250.73	245.72	245.41	232.30
3	Contracting, Construction (27)	422.75	−0.1	21.58	5.87	5.47	423.08	419.78	413.39	413.79	370.18
4	Electricals (17)	891.83	−0.3	10.92	2.99	11.26	894.51	885.34	872.88	860.09	598.69
5	Engineering Contractors (11)	351.56	+1.3	17.61	7.35	7.24	347.18	344.66	338.30	338.15	320.25
6	Mechanical Engineering (72)	178.16	−0.6	16.29	7.55	7.48	179.15	176.88	173.98	173.22	168.01
8	Metals and Metal Forming (16)	156.53	−1.0	18.65	10.36	6.67	158.10	155.86	153.95	151.96	158.56
11	CONSUMER GOODS (DURABLE) (48)	238.16	−0.4	13.44	5.29	8.90	239.13	238.32	234.33	234.20	229.87
12	Lt. Electronics, Radio, TV (14)	368.36	−0.1	10.32	3.76	11.78	368.87	367.16	368.26	360.87	327.23
13	Household Goods (13)	89.29	−0.3	25.33	11.02	4.99	89.53	89.34	89.29	88.83	141.47
14	Motors and Distributors (21)	95.89	−1.4	22.52	9.76	5.12	97.25	97.33	96.10	95.37	109.02
21	CONSUMER GOODS (NON DURABLES) (171)	235.86	−0.3	17.42	6.85	6.94	236.58	234.57	232.08	230.96	235.37
22	Breweries (14)	277.69	−0.3	16.31	6.63	7.16	278.65	277.02	273.84	272.83	291.10
23	Wines and Spirits (5)	292.09	−1.6	20.95	6.97	5.64	296.82	297.02	293.12	290.25	321.41
24	Entertainment, Catering (17)	342.48	−0.6	16.98	6.53	7.26	344.62	342.48	339.75	338.61	322.75
25	Food Manufacturers (22)	216.69	−0.2	18.41	7.00	6.41	217.22	216.44	214.54	214.14	211.60
26	Food Retailing (13)	387.90	−0.8	12.06	3.98	9.86	391.07	380.74	375.91	374.42	311.17
32	Newspapers, Publishing (12)	436.23	+0.7	21.87	6.67	6.12	433.21	433.23	430.91	433.74	425.56
33	Packaging and Paper (15)	120.45	—	29.03	10.75	4.01	120.43	119.43	118.72	118.89	129.62
34	Stores (44)	234.57	+0.1	13.08	5.37	9.98	234.33	231.92	230.05	228.61	230.21
35	Textiles (21)	123.91	+0.9	25.28	12.40	4.82	122.84	121.29	118.41	117.71	152.33
36	Tobaccos (3)	218.20	−1.2	26.30	10.67	4.33	220.76	219.28	214.83	212.37	234.54
37	Toys and Games (5)	25.59	−0.8	8.79	12.47	26.31	25.79	26.02	26.02	26.31	63.55
41	OTHER GROUPS (98)	218.37	+0.1	15.98	7.16	7.50	218.15	216.88	214.85	213.84	206.87
42	Chemicals (16)	294.99	—	17.96	8.22	6.51	295.10	294.11	290.48	288.28	287.99
43	Pharmaceutical Products (7)	224.08	−0.2	11.20	6.25	11.05	224.46	221.24	221.69	217.42	229.72
44	Office Equipment (6)	105.46	+0.4	19.37	7.87	6.02	105.04	104.75	101.01	100.96	117.12
45	Shipping (10)	557.68	−0.9	13.18	6.48	9.26	562.51	562.41	558.76	558.51	462.24
46	Miscellaneous (59)	280.88	+0.5	16.52	6.63	7.39	279.44	277.98	275.52	276.60	245.01
49	INDUSTRIAL GROUP (488)	251.90	−0.2	16.26	6.51	7.43	252.48	250.46	247.39	246.06	235.34
51	Oils (12)	932.24	+1.3	25.78	5.64	4.32	920.21	898.59	889.15	864.18	764.36
59	500 SHARE INDEX	305.67	+0.1	18.52	6.30	6.34	305.27	301.71	298.14	294.96	277.28
61	FINANCIAL GROUP (118)	252.43	−0.4	—	5.20	—	253.48	251.51	247.64	246.06	191.68
62	Banks (6)	261.22	+1.0	39.12	6.45	3.06	258.72	257.66	253.01	248.92	222.98
63	Discount Houses (10)	299.05	+0.9	—	5.67	—	296.29	290.09	288.38	285.41	245.41
64	Hire Purchase (5)	233.16	+0.8	10.64	4.33	12.68	231.34	230.79	230.23	229.51	181.14
65	Insurance (Life) (10)	257.89	−1.0	—	5.11	—	260.58	258.25	254.23	256.24	161.41
66	Insurance (Composite) (9)	169.40	−1.8	—	6.70	—	172.43	171.73	168.54	169.80	124.34
67	Insurance Brokers (9)	345.51	−0.8	13.34	6.69	10.27	348.29	347.32	338.76	337.13	272.72
68	Merchant Banks (13)	155.55	+0.9	—	4.89	—	154.22	152.24	147.43	147.82	97.83
69	Property (45)	464.97	−1.1	3.09	2.59	45.07	470.21	465.01	461.91	453.27	362.49
70	Miscellaneous (11)	162.12	+1.9	16.00	5.86	7.90	159.15	156.33	153.61	153.59	119.00
71	Investment Trusts (109)	283.34	+1.2	—	5.15	—	280.00	277.45	274.21	274.93	215.04
81	Mining Finance (3)	270.92	−1.8	13.12	4.84	9.08	276.02	268.23	272.19	269.31	138.46
91	Overseas Traders (20)	460.34	+0.5	10.94	6.43	11.01	458.27	457.50	454.66	451.77	344.93
99	ALL-SHARE INDEX (750)	297.16	—	—	5.98	—	297.84	293.77	290.36	287.71	253.44

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Oct. 16	Day's change %	Wed., Oct. 15	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.91	−0.28	107.88	0.66	8.32
2	5-15 years	113.24	−0.88	114.64	0.38	10.20
3	Over 15 years	118.30	−0.87	119.67	0.32	11.97
4	Irredeemables	134.07	−0.71	135.03	—	9.02
5	All stocks	112.57	−0.69	113.81	0.45	10.05

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Thurs., Oct. 16	Wed., Oct. 15	Year ago (approx.)
1	Low Coupons	5 years	11.59	11.42	10.40
2		15 years	11.59	11.42	10.94
3		25 years	11.59	11.42	11.48
4	Medium Coupons	5 years	13.04	12.84	12.51
5		15 years	13.14	13.00	12.51
6		25 years	12.88	12.77	12.51
7	High Coupons	5 years	13.16	13.00	12.84
8		15 years	13.38	13.24	13.08
9		25 years	13.09	12.98	12.96
10	Irredeemables		11.12	11.04	11.27

		Thur., Oct. 16 Index No.	Yield %	Wed. Oct. 15	Tues. Oct. 14	Mon. Oct. 13	Friday Oct. 10	Thurs. Oct. 9	Wed. Oct. 8	Tues. Oct. 7	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.02	†13.72	54.00	53.97	53.86	53.79	53.80	53.80	53.81	56.98
16	Investment Trust Prefs. (15)	51.31	13.19	51.31	51.09	51.09	51.52	51.52	51.52	51.52	49.74
17	Coml. and Indl. Prefs. (20)	68.06	12.98	67.66	67.32	67.28	67.49	67.49	67.53	67.69	67.53

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	11	440	+8	440	320
Marks & Spencer	25p	9	106	+1	111	77
Trust Securities	40p	8	191	+5	191	180
Charterhall	5p	7	91	−1	93	52½
Shell Transport	25p	7	446	+4	446	314
Tricentrol	25p	7	396	+14	414	250
Finlay (J.)	25p	6	111	+7	120	68
Premier Cons.	5p	6	95	—	99	36
Royal Dutch	Fl.20	6	£40½	+¾	£40½	£32
Allied Breweries	25p	5	80½	—	89	68
Barclays Bank	£1	5	450	+4	450	327
Boots	25p	5	226	+3	256	156
Burmah Oil	£1	5	187	−3	249	162
GEC	25p	5	532	−2	540	326
ICI	£1	5	328	−2	402	318

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 6	Oct. 17	Jan. 8	Jan. 19
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16

For rate indications see end of Share Information Service

Call options were completed in Coral Leisure, Royal Bank of Scotland, Trust Securities, BP, FNFC, Charterhouse Petroleum, Barker and Dobson, Charterhall, BSG, Premier Oil, Town and *City Properties*, Ocean Wilsons, Tebbitt, Burmah, Double Eagle and North Kalgurli. Puts were done in BP, GEC, Sun Royalty and Sound Diffusion, while doubles were transacted in FNFC, BSG and Town and City.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

FINANCIAL TIMES STOCK INDICES

	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 10	Oct. 9	A year ago
Government Secs	70.79	71.48	71.12	70.94	70.65	70.94	71.30
Fixed Interest	72.31	72.35	72.14	71.90	72.01	72.02	71.98
Industrial Ord.	480.4	485.5	477.4	472.4	468.3	473.7	470.1
Gold Mines	508.3	513.7	525.0	539.9	532.6	531.6	205.5
Ord. Div. Yield	7.67	7.60	7.72	7.78	7.90	7.76	7.15
Earnings, Yld. % (full)	17.33	17.19	17.48	17.54	17.82	17.58	17.40
P/E Ratio (net) (*)	7.04	7.10	6.99	6.98	6.87	6.97	7.10
Total Bargains	20,311	21,040	20,417	18,810	20,469	20,181	18,463
Equity turnover £m.	—	147.70	135.02	102.45	146.90	106.53	121.90
Equity bargains total	—	15,768	16,593	15,499	17,850	15,736	14,307

10 am 483.9. 11 am 484.2. Noon 483.1. 1 pm 481.0. 2 pm 481.1. 3 pm 480.4.
Latest Index 01-246 8026.
*Nil=6.55.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/8)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/8)	265.5 (18/3)	558.9 (22/8/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 16	Oct. 15
—Daily		
Gilt Edged	93.2	105.3
Industrials	95.2	100.9
Speculative	47.5	45.4
Totals	71.9	74.6
5-day Avrge.		
Gilt Edged	99.8	100.4
Industrials	97.3	99.4
Speculative	60.2	64.7
Totals	72.5	75.6

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (139)

AMERICANS (6)
BANKS (7)
BUILDINGS (5)
DRAPERY & STORES (1)
ELECTRICALS (7)
ENGINEERING (5)
FOODS (1)
INDUSTRIALS (17)
LEISURE (1)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (7)
SHIPPING (1)
TEXTILES (1)
TRUSTS (63)
OIL & GAS (10)
MINES (5)

NEW LOWS (14)

AMERICANS (1)
Burroughs Corp.
CANADIANS (1)
Bell Canada
CHEMICALS (1)
Anchor Chem.
STORES (1)
Burton Group
ENGINEERINGS (4)
Edbro Wombwell Foundry
Neepsend

INDUSTRIALS (3)
Friedland Doggart Riley (E. J.)
Platignum
NEWSPAPERS (1)
Bristol Evening Post
PROPERTY (1)
Wereldhave
SHOES (1)
K Shoes
TEAS (1)
Lawrie Plants.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	86	9
Corpns. Dom. and Foreign Bonds	3	8	56
Industrials	232	195	963
Finacial and Prop.	206	74	274
Oils	29	11	18
Plantations	1	7	18
Mines	34	63	62
Others	61	32	86
Totals	566	474	1,424

GLC sponsors London artists

AT LEAST 1,000 paintings are expected to compete for 24 individual prizes, totalling £7,500, in the Greater London Council's annual "Spirit of London" art competition.

The competition is open to anyone over 16 who is living, working or studying in London. Closing dates for entries are November 4 and 5. The judges will select 200 paintings for an exhibition in the Royal Festival Hall later that month.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a)(h)
41, Broad St., St. Helier, Jersey. 0534-73741

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Gartmore Fund Managers (IoM) (a)
P.O. Box 32, Douglas, IoM. 0624 23911

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey 0481 23506.
Prices at Sept. 25. Next dealing Oct. 30.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
Prices on October 15. Next dealing October 22.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Next dealing Oct. 15.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	55.7	59.9	+0.7	2.42
Abbey Capital	43.5	47.0	+0.3	5.21
Abbey General	54.3	58.7	+0.2	5.35
Abbey Gilt & F.I. Tst.	114.5	120.5	−0.4	11.35
Abbey Income	33.8	36.5xd	+0.1	9.48
Abbey W'Wide Bd Tst.	91.7	97.0	+0.2	6.91
Abbey Inv. Tst. Fnd.	48.7	52.0	+0.8	4.88
Equitas Prog. Tst.	84.4	91.2	+0.5	4.73

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	93.0	97.9	−1.1	12.26

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	87.8	93.9	+0.3	5.91
Brit. Inds. Fund	78.3	83.8	+0.6	6.21
Growth & Income	49.1	52.3	+0.3	5.30
Elect. & Ind. Dev.	42.8	45.8xd	+0.2	5.35
Allied Capital	92.4	98.9xd	+0.6	4.50
Hambro Fund	134.5	143.9	+0.4	6.03
Hambro Acc. Fund	174.5	186.9xd	+0.8	4.82

Income Funds

High Yield Fd.	65.0	69.5	+0.2	9.93
High Income	76.7	82.1xd	+0.4	7.73
A. H. Eq. Inc.	45.1	48.3	+0.3	7.52
Govt. Secs.	26.7	27.4	−0.3	11.53

International Funds

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.1	39.4xd	.....	11.43
North American	59.6	64.2xd	+0.9	2.68
Canadian Exempt*	62.5	66.1	.....	3.57
Canadian Trust	62.9	67.9	+0.3	2.63
Mid Mours High Inc.*	48.4	51.2	.....	9.42
Recovery	58.1	63.4xd	+0.8	6.80
Gilt Trust	45.0	47.0	−0.1	12.39

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.3	41.3	+1.0	0.89
Cres. Internat'l.	70.7	76.3	+0.3	2.28
Cres. High. Dist.	42.7	46.1	+0.2	10.57
Cres. Reserves	51.1	55.1	+0.3	5.44
Cres. Tokyo	24.7	26.6	−0.2	0.71

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.1xd	.....	12.09

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 10	223.2	238.1	.....	5.66

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	86.6	91.1	+0.6	4.83

Fidelity International Management Ltd.

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	63½	......	7.96	12.84
83½	73½	Alcan 10½pc '89-94	83	......	12.77	13.40
29¾	25	Met. Wtr. 3pc 'B'	29¾	......	10.36	12.50
104½	89	U.S.M.C. 9pc 1982	104	......	8.96	—
92	85½	Do. without Warnts.	91½	......	10.20	13.90

Financial

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	99	......	13.13	15.77
101½	93½	Do. 14pc '83	100¼	......	13.97	13.87
88	79½	FFI(UK Fn)5½pcDb. '80-2	88	......	6.27	12.86
82½	71½	Do. 6¼pcDb. '81-84	80xd	......	7.81	12.70
92½	80½	Do. 10½pc Uns.Ln. '86	92½	......	11.73	13.35
92½	77	Do. 11pc Uns.Ln. '88	92½	......	12.35	13.00
95	82	Do. 11¼pc Uns.Ln. '90	95	......	12.83	13.35
101	84½	Do. 12⅞pc Un. Ln. 1992	94½	......	13.36	13.60
66½	56	Do. 7¼pcADeb. '89-92	66½	......	11.43	13.42
66½	51½	Do. 7¼pcADeb. '91-94	63	......	11.66	13.30
76½	64½	Do. 9pc 'A' '91-94	73½	......	12.41	13.48
71½	61	Do. 8¾pcLn. '92-97	71	......	12.83	13.45

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
82	43	Antofagasta Rly	65	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
58	18	Chinese 4½pc 1898	28	+2	—	—
45	17	Do. 5pc 1912	17	......	—	—
24	11	Do. 5pc 1913	12	+1	—	—
24	11	Do. 5pc '25 Boxer	15½	+1	—	—
96¼	92½	Denmark 13pc 2005	96	......	13	13.72
35	28½	Greek 7pc Ass.	35	......	3½	f10.17
35	31	Do. 6pc 28 Stb. Ass.	32	......	3	f9.75
34	30	Do 4pc Mixed Ass.	30xd	......	2	f6.87

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Grs
10½	570p	Hawker Sid. Can.II	10⅛	–⅛	96c	—	3.6
22⅛	12¾	Hollinger $5	20¾	+⅛	s$2.20	—	4.0
11⅛	845p	Hudson's Bay II	845pxd	......	ϕ$1.20	—	5.4
14¼	925p	Hud.B.Oil G. $2½	11½	+⅛	h57½	—	1.9
21⅞	13⅛	Imperial OilII	16	+¾	$1.40	—	3.3
14	855p	IncoII	960p	–15	72c	—	2.8
565p	425p	Inl. Nat. Gas $1	500p	–10	$1.00	—	7.6
495p	240p	Massey Ferg.II	290p	......	—	—	—
200p	97p	Place Gas $1	115p	+5	—	—	—
14⅛	10½	Rio Algom	13⅛	......	$1.50	—	4.2
•19¾	14¼	Royal Bk.Can. $2	19¾xr	+⅛	$2.72	—	5.3
25⅞	15⅞	Seagram Co. C$1	23⅞xd	......	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1	10⅞	+⅛	$1.44	—	5.0
10½	750p	Trans Can. Pipe	765p	+15	$1.16	—	5.7

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	90½	......	6.09	12.99
85¾	72½	Do. 6pc 1981-83	85	......	7.25	12.84
67¾	58	N.Z. 7¼pc 1988-92	67¾	......	11.04	13.03
82¾	72	Do. 7½pc '83-86	82¼	......	9.34	12.44
96¾	88	Sth. Africa 9½pc '79-81	94¼xd	......	10.03	15.12
160	95	S. Rhod. 2½pc Non-Ass.	98	–1	28.91	29.86
169	133	Do. 6pc '78-81 N.-As.	144	–1	—	28.53

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Hire Purchase, etc.

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INSURANCE—Continued

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Australian

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Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ※ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✥ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	35	......	Conv. 9% '80/82	£94¼	......
Bertam	15	......	Nat. 9¾% 84/89	£83⅞	+¼
Bdg'wtr. Est. 50p	475	......	Fin. 13% 97/02	£91	+¼
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	37	......	Arnott	212	......
Finlay Pkg. 5p	27	+2	Carroll (P.J.)	75	......
Graig Ship. £1	£21	+2	Clondalkin	105xd	+1
Higsons Brew	70	......	Concrete Prods.	82	......
Holt (Jos) 25p	258	......	Heiton (Hldgs.)	34	......
I.O.M. Stm. £1	158	......	Ins. Corp.	300xd	+2½
Pearce (C. H.)	480	......	Irish Ropes	38	......
Peel Mills	49	......	Jacob	33	......
Sheff. Refrshmt	99	......	T.M.G.	63	−2
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

FINANCIAL TIMES
Friday October 17 1980

OIL IMPORT CUTS MAY BE IMPOSED

EEC plans new loan facility

BY JOHN WYLES IN BRUSSELS

PLANS FOR a revised multi-billion dollar EEC loan facility, under which borowers could be forced to cut oil imports, will be discussed by Community finance ministers in Luxembourg next Monday.

Responding to a request from the Nine last June for proposals for recycling OPEC oil surpluses, the EEC Monetary Committee has produced a confidential report which suggests novel conditions for loans from an "oil facility" of between $6bn and $10bn. The loans would be raised by the Community at the relatively preferential rates available to it, and passed on to the member states with oil price-induced balance of payments problems.

In proposing to re-model this oil facility, which was adopted in 1974, the committee, composed of the Nine's central banks and treasuries, appears to have taken a leaf out of the IMF's book on "conditionality."

But is urges member-states to borrow from the facility before their balance of payments problems have become so severe as a result of oil price increases that stiff conditions need to be attached to any loans.

Borrowing well in advance of any possible crisis would involve agreement with the Community on broad budgetary objectives. But the 14-page report suggests that if a borrowing country's balance of payments difficulties became critical, then tougher measures would be demanded.

These would include economic restructuring to reduce execessive dependence on oil imports and budgetary reforms which might have to meet specified fiscal targets. These would be imposed by the Council of Ministers and based on proopsals from the European Commission.

It is almost unprecedented for the EEC to consider loan conditions extending beyond economic policy considerations into other fields—in this case, energy. But the aim is to give genuine purpose to the original scheme, from which Ireland and Italy borrowed $1.3bn in 1975 to help them cope with payments difficulties.

In both cases only mild economic policy conditions were attached to the loans. The main concern of the scheme's architects was to ensure adequate supervision to guard against a surprise default on repayments by borrowing member-states.

Other issues raised by the report include:

● The eventual possibility of denominating loans in European currency units. The general conclusion is that the time for this is not yet ripe.

● Making loans available to non EEC members. The broad conclusion was that this was unlikely because it might cut across the necessary development of broader recycling roles for the IMF and the World Bank.

The previous facility had a loan ceiling of $3bn and the committee was divided as to how much this should be raised, although the indications were that they would agree to between $6bn and $10bn.

The 1975 loans were raised in the international money markets because the Community failed to persuade Middle East oil producers to lend it money directly. The report suggests that fresh efforts ought to be made to obtain direct loans as a first priority.

BSC wins £5.8m North Sea pipe order

By Ray Dafter, Energy Editor

BRITISH STEEL Corporation has made a breakthrough with a £5.8m order for a North Sea pipeline. It could pave the way for BSC to win the main pipeline order for the proposed £1.1bn gas gathering network.

British Petroleum has ordered 45 miles of 24-inch diameter pipeline as part of a scheme to boost production in its West Sole gasfield in the southern sector of the North Sea.

The line will be the first high-grade, arc-welded steel pipe of large diameter to be produced by BSC for use in the North Sea.

Improve

The corporation believes the contract improves its chances of winning the order for 343 miles of 36-inch pipeline which will be needed for the projected gas gathering network. British Petroleum is also heading the offshore team for this project.

Mr. Ian MacGregor, British Steel chairman, said he was "delighted" that BP had indicated its confidence in the corporation. This was particularly important in view of the large quantities of pipeline that would be required in the near future for the gas gathering system, he said.

BSC is aware that there will be intense overseas competition for the major pipeline contract, which is scheduled to be completed by the mid-1980s.

Schedule

British Steel would use its pipemaking facilities at Hartlepool to undertake the work. As a result of a recent £8.5m improvement scheme at this plant, BSC has won contracts worth more than £50m, including the latest BP order.

Work on the West Sole pipeline will begin on Monday. Delivery is scheduled for the end of December so that the pipe can be laid early next year.

BP is spending £90m on improvements to West Sole production facilities which should increase the rate of output and prolong the productive life of the field.

The field, discovered in 1965, has estimated recoverable reserves of 1.7 trillion (million, million) cubic feet. As a result of the development work, scheduled to be completed in 1983, gas from West Sole will flow at a rate of 180m cubic feet a day.

UK oil exports, Page 6;
Texaco plans, Page 8

THE LEX COLUMN

M & S gets off the rack

After declines of about a third from retailers like Sears and John Lewis, there was some relief in the market yesterday at the interim results from Marks and Spencer, where a rare fall in pre-tax profits has been held to 11 per cent, at £68.9m. In fact, once the change in wage award timings is taken into account, the drop in trading profits, post depreciation, has emerged as a modest 7 per cent. Helped by a confident statement, the share price rose 1p yesterday to 106p.

The first quarter was extremely tough, with non-food volume down about 8 per cent on the buoyant comparable period in 1979. However, against last year's depressed second quarter, subsequent sales volume has been strong enough to produce an increase of about 1½ per cent for the half-year overall. The bulk of the improvement took place in August and September, suggesting both that M and S is seizing back market share and that the underlying trend is now pointing firmly upward. Food sales have continued to perform strongly, with volume up about 10 per cent.

So the remedial action which the company took in the summer of 1979 when it found its prices out of line seems to have left it well placed to face the general recession. Prices are now barely higher than a year ago and gross margins are virtually unchanged. Suppliers are taking the price freeze on the chin and the pressures on them are underlined by the 24 per cent labour shake-out in UK cotton and allied textiles in the year to August. M and S has concentrated production on efficient—and favoured—producers, guaranteeing high volume albeit at an unchanged price.

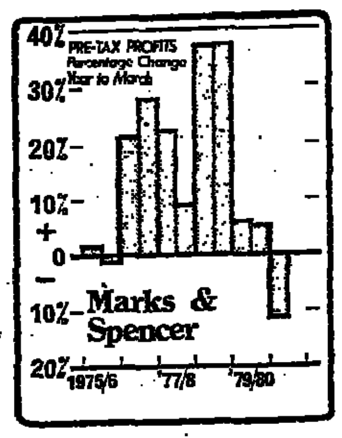
Meanwhile, costs are up by a relatively modest 15 per cent, stocks are firmly under control and higher volume should improve net margins in the current half. So pre-tax profits for the year may emerge close to last year's £173.7m. Meanwhile, next week's figures from British Home Stores, which the market has been rating more highly than M and S earlier this year, seem likely to show a significantly worse profits and volume trend.

Gilt-edged

Although the building societies may have put in fairly large subscriptions for Exchequer 11¾ per cent 1986, other gilt-edged investors are running out of funds, and the market slipped back yesterday, with the recent 1998 tap stock dropping for a time below its original issue price of £50. The full breakdown of the September money supply figures failed to stimulate the market; domestic credit expansion is still very high (over £1bn adjusted) and it took a very large external and foreign currency item to produce satisfactorily sluggish growth in sterling M3.

The Governor of the Bank of England's Mansion House speech last night made the same cautiously reassuring noises about future monetary growth that underlay the Treasury's market statement of two months ago. That is, there are tentative signs that bank lending may be slowing, while public borrowing should soon fall.

Index fell 5.1 to 480.4



Debenhams

Debenhams' interim figures show as clearly as House of Fraser's how the department stores have had to struggle through the slack period of the year. Trading profits after interest charges are down from £4.7m to £1.2m, despite the elimination of loss-making businesses, a few months' interest saving on the proceeds of the Caters sale, and a small positive contribution from the finance company. Following its normal practice, Debenhams has underplayed total interest charges in the first half; those costs which relate to stores not yet trading only appear in the full year's accounts.

Still, Debenhams does seem to have brought its operating costs under control — partly by shedding a good deal of labour—and the reductions it has made in gross margins seem to be stimulating volume as the vital run-up to Christmas begins. With a bit of luck, it might be in a position to report something in the region of £15m for the year. To keep things in perspective, the dividend (with associated ACT) costs over £12m.

On a current cost basis Debenhams will still be producing a very poor return — it is to its credit that it has published interim CCA figures, which show a loss per share of 2.8p. But what really matters at the moment is not just the rather confusing numbers but the direction in which Debenhams is moving and the momentum of recovery that it can build up. At 80p, down 2p yesterday and yielding 11.7 per cent, the shares may still be a little ahead of the game.

Wall Street

The rally on Wall Street took the Dow Jones Industrial Average above its September peaks at one point yesterday morning: the more broadly based Standard and Poors Industrials Index has now picked up more than a third since April. Remarkably, equities were able to sail almost untouched through a rise of more than four percentage points in short-term interest rates between the spring and the beginning of this month. And a firmer trend in the bond market recently has helped to make a yield gap of roughly 7 points look a bit less daunting.

Recent features have been big rises in oil shares, fuelled by the Middle East conflict, and a sharp increase in the level of speculative activity. Perhaps for this reason, there is talk of a reaction in share prices after the election, whoever wins. But on balance the mood is bullish. There have been clear signs that after their terrible battering in the bond market, the institutions are coming back to equities. In the first half of the year, for instance, the pension funds put three-fifths of their new money into shares, double the proportion in 1978.

The major uncertainty now is whether the current economic recovery can be sustained, and at what cost. September's industrial production figures, published yesterday, confirm that output stabilised in the third quarter. But it is doubtful whether at current interest rates industry can get up enough steam to support a vigorous cyclical recovery. And while the main monetary aggregates remain around the top of the target range set by the Federal Reserve Board, there can be no relaxation in the authorities' restrictive stance.

Freeze on regional grants to continue

By John Elliott, Industrial Editor

THE GOVERNMENT has decided not to lift its four-month moratorium on the payment of regional developments grants in the near future, although this would ease the corporate liquidity problems of many companies in the assisted areas.

The decision follows a Government spending review, during which another proposal to extend the moratorium from four months to about six months was also rejected.

But there is growing Government concern about the effects of the recession on the private sector. As a result it was decided at a meeting of Ministers in Downing Street on Tuesday that preparations should be made to help small businesses.

Tax concessions for investors in new companies is one of the possibilities being considered before next year's Budget. Another is a bank loan guarantee scheme that might be introduced when the Government considers the climate has improved for bank lending.

The Confederation of British Industry has been urging Ministers for some months to lift the regional grant moratorium. The confederation has been hoping that this might happen this month, despite being told in August by Sir Keith Joseph, Industry Secretary, that such a move was not then possible.

The moratorium was introduced in June last year to provide £145m, towards public spending cuts. As a result all regional development grants, which provide companies with between 15 and 22 per cent of the capital cost of their projects in assisted areas, are frozen for four months once they have been approved

Ministers now acknowledge that the effects of the recession on liquidity make it desirable to cancel the moratorium, but Sir Keith and his colleagues are not prepared to propose such a move because of its effect on public spending.

They recently revived an earlier idea that the period should be extended to six months. This was abandoned because of the opposition it would have aroused in industry.

Japanese car exporters to meet European rivals

BY CHARLES SMITH IN TOKYO AND JOHN GRIFFITHS IN LON DON

THE Japan Automobile Manufacturers Association (JAMA) yesterday said that it was willing to attend a meeting with the Committee of Common Market Automobile Constructors to discuss problems arising out of Japan's rapid penetration of the European market.

JAMA said it would prefer to hold the meeting in Tokyo and that it should take place as soon as possible. It was responding to a proposal understood to have been made by the European side in the past few days.

Contacts between the Japanese and European motor industries have so far been limited to the twice-yearly meetings between JAMA and the British Society of Motor Manufacturers and Traders (SMMT) and to individual company contacts such as those between Honda and BL.

There have been no regular contacts between the Japanese industry and the French or German industries, although engineers from Volkswagen and Renault have recently been paying regular visits to Japanese motor factories.

The European proposal is believed to be for a meeting between top Japanese motor executives and the heads of the largest "indigenous" European manufacturers — including Volkswagen, Renault, Peugeot, Fiat, Alfa Romeo and BL.

The Committee apparently sees one of the purposes of such a meeting as being to discuss ways to restrain Japanese market penetration and to ease the entry of European cars into the Japanese market.

In a letter to the European Commission, three months ago, calling for an urgent investigation into increasing Japanese imports, the Committee issued figures showing that imports to the EEC were running 23 per cent higher in the first half of this year compared with 1979. In West Germany the Japanese share had doubled to about nearly 12 per cent.

Against this, European penetration of the Japanese market has been minimal—well under 1 per cent.

The European Parliament's External Trade Committee warned three weeks ago that Japanese imports would be mainly responsible for the loss of 560,000 jobs in the automotive sector if they continued to rise unchecked.

The Japanese may hope to use the meeting to remove what is believed to be serious misconceptions in Europe about conditions in the Japanese motor industry. These include, for example, the idea that Japanese motor manufacturers have a substantial wage advantage over the European industry.

Japanese exports are subject to various types of restraint in the UK, French and Italian markets and may soon have to be restrained in the West German market. In the Benelux countries, Japanese car exports are still "free," but this is not welcomed by European motor manufacturers who have seen their market shares eroded by Japan.

The proposal for a JAMA-CCMC summit was made to Mr. Takashi Ishihara, JAMA's chairman, by Mr. Umberto Agnelli, the Committee's president. JAMA said it had studied the proposal carefully before agreeing to hold the meeting.

Mrs. Margaret Thatcher, the Prime Minister, acknowledged the British industry's concern over Japanese imports at the SMMT Motor Show banquet in Birmingham last night.

But at the end of a week which Japanese car sales have gone above the 11 per cent market share which the British industry says is the "prudent level" described in the JAMA-SMMT agrement, she gave no firm clues as to the government's likely course of action if sales were to expand further.

Ford's tough line, Page 12;
Motor Show, Page 14

Fiat strike compromise given mixed reception by workers

BY RUPERT CORNWELL IN ROME

WORKERS AT the Fiat motor company last night appeared divided over whether to accept an outline compromise to end the five-week strike which has brought the car group to a standstill.

Meetings of early shift workers yesterday appeared to endorse the deal, under which Fiat has dropped its initial demand to make 14,469 men redundant in return for union acceptance for more mobility and the placing of almost 23,000 workers on state-subsidised lay-offs.

But disappointed militants heckled and jeered national union leaders who addressed factory gate meetings yesterday in Turin. They were explaining the compromise reached in Rome at dawn on Wednesday, under the auspices of Sig Franco Foschi, the Labour Minister.

The deal was later rejected by afternoon shift workers at the important Lingotto works near Turin. Final ratification will not come before today at the earliest, according to union officials.

The most violent abuse was directed at Sig Pierre Carniti, head of the Christian Democrat-leaning CISL union, who was attacked after his Turin speech. He was hustled to a car, and a group of hard-liners pelted the vehicle with stones as it drove off.

The mixed reception for the deal indicates the consequences that the strike will have on the unions.

The hard line taken against the Fiat management by the Communist Party forced the union leadership to adopt a tougher stance than it probably would have liked—and certainly too tough for the "silent majority" of car workers.

Tuesday's march through Turin by moderate workers supporting a return to work probably tipped the scales

The workers have lost L60bn (£28m) in pay during the strike and their reaction to the deal has left Sig. Carniti and his union colleagues feeling the effects of a loss of contact between the union leadership and the shop floor rank and file.

Continued from Page 1

Money supply

reduced by a large outflow of sterling from the UK.

This outflow suggests that financial institutions and the public have been moving capital overseas on a large scale. It is likely that British investors have been buying dollars to purchase U.S. equities and take advantage of the recent strength of share prices on Wall Street.

Without this outflow the growth of sterling M3 would have been larger. The rise in sterling M3 since the start of the present target period in February is 23½ per cent at an annual rate, compared with the official range of a 7 to 11 per cent rate of increase. The corset distortions make it difficult to assess the underlying rate of increase, but most City analysts reckon the rate is at least 15 to 16 per cent.

● The new gilt-edged stock attracted only limited support yesterday when the offer closed. The Bank of England announced that all tenders for the stock—11¾ per cent Exchequer 1986—were allotted in full at the minimum price of £95.75 per cent. Investor interest was smaller than had been expected by some brokers in view of the heavy sales of stock in the last few days and a consequent shortage of cash among major investors. Gilt prices slipped back yesterday, after their recent steady gains, with losses of up to £1 at the longer-end.

Continued from Page 1

Howe speech

This view is not necessarily shared by either the Prime Minister, or by some Treasury Ministers who have recently been more sympathetic to suggested changes in monetary control.

There is believed to have been considerable discussion between the Bank and the Treasury about the wording of last night's speeches.

Sir eoffrey said that use of the corset controls suggested at least that "present arrangements may not be adequate, even over the medium-term, for the fulfilment of a policy which rests upon the priority of meeting monetary targets and reducing the rate of monetary growth." sc

Brazilian iron ore project approved

BY KENNETH MARSTON, MINING EDITOR

BRAZILIAN Government approval has been given for a $2.5bn (£1.04bn) iron ore project in the Carajas region of Brazil's northern state of Para.

This is the first step in a mineral development plan costing some $30bn to transform the jungle region into a major world mining site for iron, copper, aluminium, manganese, tin and gold.

The iron ore project, authorised by President Joao Figueiredo, is to be carried out by the state-owned Companhia Vale do Rio Doce (CVRD). It is planned to produce 35m tonnes of iron ore annually for export by 1985.

CVRD will provide 40 per cent of the financing and the rest will come from national banks and foreign loans, according to Sr. Cesar Cals, the Mines and Energy Minister. He did not announce any foreign participation, but Japanese, U.S. and other mining groups have toured the region.

The Minister said his President had called for non-inflationary means of developing the Carajas region. According to government estimates total products of the region could be worth $10bn a year when all the potential mining ventures are in operation.

Sr. Cals put the mineral reserves of the eastern Amazon region at: iron ore, 18bn tonnes; copper, 1bn tonnes; bauxite (the source of aluminium), 4.7bn tonnes; nickel, 125m tonnes; manganese, 60m tonnes; tin 35m tonnes. It is not yet clear, however, whether eventual mining production can come anywhere near these figures.

World mining majors are fascinated by Brazil's mineral possibilities, and a good deal of preliminary investigation has been carried out.

Gold has already come into the picture with a major find now said to be under development. Last year, Brazilian gold production rose to 26 tonnes from 22 tonnes in 1978, making the country the fourth largest non-Communist producer after South Africa, Canada and the U.S.

Brazil's economy, Page 5;
Mining news, page 25

Weather

UK TODAY

CLOUDY, showers, some sunny intervals. Generally cold.

London, East and South England, Channel Isles
Cloudy, heavy rain at times. Max. 11C (52F).

Wales, Isle of Man, N.W. England, S. Scotland
Rain at first, sunny periods developing. Max. 10C (50F).

Rest of Scotland, N. Ireland
Strong winds, some heavy rain, little sun. Max. 8C (46F).

Outlook: Cold, wet in east, brighter in west. Snow on northern hills.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	29	84	Lisbon	C	16	61
Algiers	F	31	88	Locarno	R	10	50
Amsdm	C	12	54	London	C	11	52
Athens	S	24	75	Luxmbrg	C	13	55
Bahrain	S	31	88	Luxor	S	38	100
Barclna	C	22	72	Madrid	F	12	54
Beirut	S	26	79	Majorca	C	24	75
Belfast	F	8	46	Malaga	F	18	64
Belgrde	S	23	73	Malta	F	26	79
Berlin	F	12	54	Mchestr	R	5	41
Biarritz	R	11	52	Melbrne	F	15	59
Bmghm	R	5	41	Milan	R	12	54
Blackpl	R	7	45	Mntreal	F	−1	30
Bordx	R	11	52	Moscow	C	10	50
Boulgn	C	12	54	Munich	F	18	64
Bristol	R	4	39	Nairobi	F	28	82
Brussels	C	15	59	Naples	S	23	73
Budapest	F	22	72	Newcstl	C	9	48
Cairo	S	31	90	N York	S	11	52
Cardiff	R	5	41	Nice	F	21	70
Cape Tn	S	17	63	Nicosia	S	26	79
Cologne	C	14	57	Oporto	R	12	54
Copnhgn	C	8	46	Oslo	S	9	48
Corfu	S	23	73	Paris	R	11	52
Dbrvnk	F	21	70	Perth	S	18	65
Ednbgh	F	9	48	Prague	S	12	54
Faro	F	17	63	Reykjvk	Sn	0	32
Florence	C	21	70	Rhodes	S	24	75
Frankft	R	11	52	Rome	F	24	75
Funchal	S	22	72	Salzbrg	C	18	64
Geneva	C	11	52	Singapr	C	30	86
Gibraltr	R	17	63	Stckhlm	C	4	39
Glasgow	F	9	48	Strasbg	R	11	52
Grnsey	F	12	54	Sydney	F	20	68
Helsinki	C	8	46	Tangier	C	20	68
H Kong	S	28	82	Tel Aviv	S	26	79
Innsbrk	C	18	64	Tokyo	R	19	66
Invrnes	R	5	41	Tunis	F	27	81
I of Man	C	10	50	Valencia	R	15	59
Istanbul	S	22	72	Venice	F	16	61
Jersey	C	13	55	Vienna	C	11	52
Jo'burg	S	29	84	Warsaw	F	7	45
				Zurich	F	12	54

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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